

February 7, 2019

Senator Dembrow, Chair
Senator, Olsen, Vice-Chair
Members of the Senate Committee on Environment and Natural Resources

SUBJECT: Support for SB98 support renewable natural gas projects

Chair Dembrow and Members of the Committee:

Clean Water Services (CWS) supports SB98 directing the Public Utility Commission to adopt a rule enabling natural gas utilities to use their rate base to invest in renewable natural gas projects.

Clean Water Services is the county service district and water resource management utility for more than 600,000 residents and businesses in urban Washington County. CWS operates four wastewater treatment facilities, constructs and maintains flood management and water quality projects, and manages flow in the Tualatin River to improve water quality and protect fish habitat. Everything we do aims to protect public health, while enhancing the natural environment.

CWS' Durham Advanced Treatment Facility in Tigard and Rock Creek Advanced Treatment Facility in Hillsboro use anaerobic digesters to stabilize wastewater solids so they can be safely recovered and beneficially land applied as a soil amendment. The digesters produce biogas, an energy-rich byproduct which CWS is able to capture and use to produce electricity and heat for the District's treatment facilities. However, due to population growth and other factors, CWS' facilities currently produce more biogas than the District's energy production facilities can accommodate. The excess gas is flared. We have evaluated upgrading our facilities to utilize the excess biogas to produce renewable natural gas (RNG), but the business case for these expensive capital investments rely almost entirely on the value of the credits available through the federal renewable fuel standard which contains substantial risks. The economics would also dictate that the gas be sold exclusively as vehicle fuel in California, due to the nature of the environmental credit market and the fact that California has a much more developed natural gas vehicle market than Oregon.

SB 98 would make it possible for natural gas utilities in Oregon to provide long-term, stable price agreements with Oregon-based RNG producers such as wastewater treatment agencies. It would also enable RNG to be sold by the gas utilities to Oregon customers for a variety of uses, including residential and commercial space heating and industrial processes, and it would eliminate the dependency of the local RNG market on risky federal environmental credits.

We urge you to support SB98 and thank you for your consideration of our comments.

Sincerely,



Diane Taniguchi-Dennis
CEO