

RNG FOR MUNICIPALITIES

Renewable Natural Gas (RNG) Facility – Utility Connection Process Outline



1. Contact Local Utility

RNG supply is treated the same as conventional natural gas production in Ontario. The first step in connecting a biogas production facility generating RNG to a natural gas distribution network is to initiate contact with the local natural gas utility. The utility will guide you through the process for the specific site and volume that you identify. There are two major natural gas utilities in Ontario:

Union Gas:

Renewable Natural Gas Team
Union Gas Limited
50 Keil Drive, North
Chatham, ON
E-mail: RNG@uniongas.com

Enbridge:

Tim Short
Business Development
Enbridge Gas Distribution Inc.
500 Consumers Road
North York, ON
Phone: (647) 393-1060
Email: Tim.Short@enbridge.com

A map of the Union Gas distribution service area in Ontario is provided below. More maps of the Union Gas system are available at <https://www.uniongas.com/storage-and-transportation/resources/maps>

Maps of the Enbridge distribution service area in Ontario are available at <https://www.enbridgegas.com/homes/start-stop-move/connect-disconnect-service/our-service-area.aspx#>

2. Preliminary Evaluation

In order to facilitate the tie-in of a production facility to the Utility gas system, some preliminary evaluation work is required. A review of the following is conducted prior to moving forward with the RNG connection process:

- Site location
- Seasonal downstream market availability
 - o Seasonal market sensitivities are a reality of the natural gas industry, and are beyond the control of the Utility. Thus, seasonal and intra-day gas consumption rates are evaluated on a case-by-case basis.
 - o No provisions are in place to guarantee market availability at any point along the transmission system, or throughout the distribution area.
- Station/pipeline requirements
 - o Treated or purified RNG must meet the utility's gas quality specifications and pipeline operating requirements. Once met, it will be deemed acceptable in the system and the producer will be allowed to inject it into the pipeline system.

3. Cost Analysis

The preliminary evaluation is then followed up by a cost analysis for the materials and construction identified. All associated costs determined necessary to facilitate the tie-in of a producer to the Utility's system will be assigned as an aid-to-construct cost payable by the producer. A service contract is required between the Utility and the RNG producer which governs the terms of service. Payment covering the interconnection costs is required prior to breaking ground on construction, typically split into two instalments: the first to cover the costs of longer lead-time items and engineering, and a final payment.

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4. Review Period

All RNG tie-in requests will be reviewed in the order that they are received. Depending on District and Planning resources available, typical review periods require 3-4 weeks for market takeaway analysis and an additional 6-8 weeks for a preliminary cost analysis (upon request by the proponent).

5. Market Options

Two of the options currently available for RNG Producers to sell or market their gas are:

- (i) Through an Ontario Gas Purchase Agreement, whereby the Utility accepts locally produced RNG and pays the current landed commodity rate for natural gas in Ontario based a local trading point Index Price, or
- (ii) Through a M13 Ontario Gas Producer transportation arrangement, whereby the Utility accepts locally produced RNG and notionally transports it to the Dawn Hub for the Producer to then sell or market that gas to third parties.

For more information regarding the RNG connection process, or to initiate a connection request, contact the natural gas utilities at the contact information provided above or the Canadian Biogas Association.