

From: [PSC Public Comment](#)
To:
Subject: RE: Comments for Case No. 2022-00049 re Columbia Green Path Rider Pilot Program
Date: Monday, September 11, 2023 9:07:00 AM
Attachments: [image001.png](#)

Case No. 2022-00049

Thank you for your comments on the application of Columbia Gas of Kentucky, Inc. Your comments in the above-referenced matter have been received and will be placed into the case file for the Commission's consideration. Please cite the case number in this matter, 2022-00049, in any further correspondence. The documents in this case are available at [View Case Filings for: 2022-00049 \(ky.gov\)](#).

Thank you for your interest in this matter.

From: McKenney, Bryce [REDACTED]
Sent: Wednesday, September 6, 2023 4:34 PM
To: PSC Public Comment <PSC.Comment@ky.gov>
Cc: [REDACTED]
Subject: Comments for Case No. 2022-00049 re Columbia Green Path Rider Pilot Program

[REDACTED]

Good afternoon,

Please see attached the Comments of XOOM Energy Kentucky and IGS Energy regarding Columbia Gas of Kentucky's Application for Approval of the Green Path Rider Pilot Program (Case No. 2022-00049). Please contact me if you have any questions or require additional information.

Kind regards,

Bryce A. McKenney
NRG Energy, Inc.
804 Carnegie Center, Princeton, NJ 08540



Bryce McKenney
Director, Regulatory Affairs

[REDACTED]

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**BEFORE THE
PUBLIC SERVICE COMMISSION
OF THE COMMONWEALTH OF KENTUCKY**

IN THE MATTER OF

THE ELECTRONIC APPLICATION OF
COLUMBIA GAS OF KENTUCKY, INC.
FOR APPROVAL OF THE GREEN PATH
RIDER PILOT PROGRAM

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CASE NO. 2022-00049

**COMMENTS OF
XOOM ENERGY KENTUCKY, LLC AND INTERSTATE GAS SUPPLY, LLC
REGARDING COLUMBIA GAS OF KENTUCKY, INC.’S APPLICATION FOR
APPROVAL OF THE GREEN PATH RIDER PILOT PROGRAM**

XOOM Energy Kentucky, LLC (“XOOM”) and Interstate Gas Supply, LLC (“IGS Energy”) respectfully offer these Comments to Columbia Gas of Kentucky, Inc.’s (“Columbia”) Application for approval of the Green Path Rider Pilot Program. As explained below, XOOM and IGS Energy request that the Kentucky Public Service Commission (“Commission”) reject Columbia’s Application.

I. INTRODUCTION AND BACKGROUND

On December 29, 2022, Columbia filed an application requesting that the Commission grant it authority to provide a new voluntary service offering to be known as the Green Path Rider.¹ According to Columbia, the Green Path Rider will be “a five-year pilot for a voluntary program whereby eligible customers may opt-in to a volumetric rate, the collections of which are used to offset the carbon emissions generated by customer usage.”² Customers who enroll in the Green Path Rider will be able to choose between two options: (1) a 50% option, which permits the

¹ See Case No. 2022-00049, *In the Matter of the Electronic Application of Columbia Gas of Kentucky, Inc. for Approval of the Green Path Rider Pilot Program*, Application at 1-2 (Dec. 29, 2022).

² See *id.* at ¶ 3.

customer to offset half of their natural gas carbon emissions; or (2) a “Net Zero” option, which offsets a customer’s entire carbon emissions.³ In order to offset participating customers’ carbon emissions, Columbia’s affiliate NiSource Corporate Service Company, Inc. “is working with a third-party supplier to purchase [renewable natural gas (“RNG”)] environmental attributes and carbon offsets on behalf of [Columbia].”⁴ As testified to by Columbia witness Andrew Campbell, “customers who opt-in to the Green Path Rider will then be allocated the RNG environmental attributes and carbon offsets needed to fulfill the Green Path Rider program.”⁵ Customers who are enrolled in the CHOICE program are not eligible to participate in the Green Path Rider because “Columbia is not providing the gas commodity to those customers.”⁶

Since 2000, Columbia has offered the CHOICE program to its customers on a pilot basis.⁷ Under the CHOICE program, customers are given “the option to purchase the natural gas [they] use from a supplier other than Columbia Gas.”⁸ As of December 2021, 11 percent of Columbia’s residential customers participate in the CHOICE program, contracting with an approved marketer for their natural gas service.⁹ Some marketers are already offering carbon offset products in the Columbia Gas of Kentucky service territory that are similar, if not identical to, Columbia’s proposed Green Path Rider.¹⁰

³ See *id.* at ¶ 4.

⁴ Direct Testimony of Andrew S. Campbell at 4:17-20.

⁵ *Id.* at 5:1-3.

⁶ Direct Testimony of Judy M. Cooper at 3:15-18.

⁷ Case No. 1999-00165, *The Tariff Filing of Columbia Gas of Kentucky, Inc. to Implement a Small Volume Gas Transportation Service, to Continue Its Gas Cost Incentive Mechanisms, and to Continue its Customer Assistance Program*, Order at 27 (Ky. PSC Jan. 27, 2000).

⁸ *Columbia Gas of Kentucky*, Customer Choice, found at: <https://www.columbiagasky.com/bills-and-payments/billing-programs/choice> (last accessed Aug. 30, 2023).

⁹ Case No. 2021-00386, *In the Matter of the Electronic Tariff Filing of Columbia Gas of Kentucky, Inc. to Extend its Small Volume Gas Transportation Service*, Columbia Kentucky’s Response to XOOM’s First Request, Item 4, Attachment A.

¹⁰ For example, IGS Energy offers two carbon neutral gas products in the Columbia Gas of Kentucky service territory. Please note that due to the uncertainty of the continuation of the CHOICE Program, XOOM Energy has not invested in developing and sourcing a green product to offer in the Kentucky market. XOOM hopes to be able to offer a green product in the Kentucky market in the future.

XOOM is a Kentucky limited liability company and a part of NRG Energy, Inc.'s corporate family. The NRG corporate family includes other natural gas and electricity retail suppliers that collectively serve over six million electricity and natural gas customers across 24 states, the District of Columbia, and eight provinces in Canada. Likewise, IGS Energy is a supplier of natural gas and electricity in numerous states and jurisdictions. XOOM and IGS Energy both offer natural gas products of varying durations and serve residential and commercial customers in Columbia's service territory under the CHOICE program.

As explained below, the Green Path Rider is not reasonable under KRS 278.030 or KRS 278.190. Natural gas products that are paired with carbon offsets, similar to what Columbia proposes to offer with the Green Path Rider, are already being offered in the competitive market. Furthermore, Columbia has not explained how certain costs already incurred will be recovered if the Commission does not approve the Green Path Rider or there is no customer participation in the rider. This is important because the survey on which Columbia relies to propose its program does not demonstrate there is actual interest in the Green Path Rider. Additionally, allowing a monopoly utility to provide a competitive service such as the one proposed in the Green Path Rider is inappropriate, anti-competitive, and threatens the viability and growth of the CHOICE program. Accordingly, the Commission should not approve the Green Path Rider.

II. COMMENTS

a. The Green Path Rider is not just and reasonable.

Pursuant to KRS 278.030(1), "[e]very utility may demand, collect and receive fair, just and reasonable rates for the services rendered or to be rendered by it to any person." KRS 278.190 permits the Commission to investigate any schedule of new rates to determine its reasonableness.

Columbia's testimony and discovery responses in this proceeding demonstrate that the Green Path Rider is not just and reasonable, and the Commission should exercise its discretion to reject it.

XOOM and IGS Energy believe there are three reasons that the Green Path Rider is not just and reasonable. First, gas products that are paired with carbon offsets, similar to what Columbia proposes to offer with the Green Path Rider, are already being offered in the competitive market. Further, as the competitive market further develops in Kentucky, additional carbon offset products should be expected to be offered. However, the Green Path Rider will undermine the competitive market and discourage suppliers from offering additional carbon offset products. Therefore, the Green Path Rider is not necessary.

Second, Columbia plans to recover its IT costs as a portion of the Green Path Rider. Columbia witness Erich Evans testified that "Columbia will need to modify its customer billing system and website" and that "Columbia's share of these costs will be calculated based on the total number of customers it serves as a proportion of the total customers across NiSource."¹¹ The IT costs to prepare the billing system total \$631,792.00 and are being split between Columbia, Columbia Gas of Pennsylvania, Columbia Gas of Virginia, and Columbia Gas of Maryland based on each entity's total number of customers.¹² However, Columbia Gas of Pennsylvania and Columbia Gas of Maryland's Green Path Rider applications have been rejected by their respective commissions.¹³ These two entities account for over 50% of the total IT costs, yet do not currently have a path forward for approval of their programs.¹⁴ If the Kentucky PSC approves Columbia's application, either Kentucky ratepayers will pay the majority of the IT costs for the NiSource

¹¹ Direct Testimony of Erich A. Evans at 10:6-9.

¹² Columbia Kentucky's Response to Staff's First Request, Item 1(e).

¹³ *Id.* at Item 4.

¹⁴ Columbia Gas of Pennsylvania accounts for \$311,362 of the IT costs and Columbia Gas of Maryland accounts for \$24,251 of the IT costs. Columbia accounts for 15.3% of the IT costs for \$96,888. *See* Columbia Kentucky's Response to Staff's Third Request, Item 5, Attachment A.

companies, or they will get saddled with a fraction of the necessary IT functionality for the program.

Columbia claims that it “will not be responsible for costs incurred by any of its affiliates for which an application has been rejected by the relevant regulatory authority.”¹⁵ Although Columbia has stated that “[t]he IT costs to prepare the billing system have been incurred and allocated to each of those affiliates” it is not entirely clear how those costs will be recovered.¹⁶ XOOM and IGS Energy believe the Commission should require additional information from Columbia to ensure its affiliates will continue to be responsible for their portion of the IT costs in light of the regulatory rejections. Additionally, while it is Columbia’s intention to only “recover the IT costs from those customers that participate in the rider” it is unclear how these already incurred costs will be recovered if the Commission rejects the Green Path Rider or if no customers participate in the program.¹⁷

Third, Columbia claims that its customers will be interested in the Green Path Rider because of a survey that indicated that customers “would be interested in an option to lower their carbon footprint for an additional fee.”¹⁸ However, Columbia has not demonstrated that there is an actual interest in the offset product it is proposing. Columbia’s survey questions supporting its application were vague, and the terms “environmental attributes” or “offsets” were not mentioned. Customers were asked questions such as whether it would appeal to them if they “could use natural gas that is carbon neutral, like RNG” and whether customers would “be willing to pay more each month to get [their] energy from renewable energy sources such as RNG.”¹⁹

¹⁵ Columbia Kentucky’s Response to Staff’s Second Request, Item 1(d).

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ Direct Testimony of Erich A. Evans at 7:14-17.

¹⁹ Columbia Kentucky’s Response to Staff’s First Request, Item 2, Attachment A.

Columbia witness Erich Evans testified survey results revealed that “77% said that customers should be given a choice of using renewable energy, 63% said that using RNG was appealing to them and 15% of the customers indicated that they are willing to pay more for renewable energy.”²⁰ However, these percentages are based upon a very limited number of customers. Even Columbia believes that total participation in the Green Path Rider will be one percent annually.²¹ Like the Pennsylvania Public Utility Commission, this Commission should find that Columbia’s survey does not correlate with Columbia’s proposed Green Path Rider, and that the survey results are “too limited to support the conclusion that a majority of Columbia customers are interested in using RNG, let alone RNG attributes and offsets.”²²

b. Columbia is inappropriately seeking to offer a competitive service through the Green Path Rider that, if allowed, will harm the competitive market.

Carbon offset and RNG products should be competitive products offered to customers in a competitive market environment, instead of a tariffed service offered by the monopoly utility. The Green Path Rider would be unjust, unreasonable, and have a chilling effect on marketers’ desire to offer similar products to customers in Kentucky. Columbia is aware that marketers are currently offering green products, both in Kentucky and across the United States.²³ Additionally, Columbia has acknowledged that the Green Path Rider may end up directly competing with products offered by marketers.²⁴ Approval of the Green Path Rider would result in marketers reducing investment in Columbia’s service territory and discourage marketers from offering similar carbon neutral products.

²⁰ Direct Testimony of Erich A. Evans at 7:15-18 – 8:1-2.

²¹ Columbia Kentucky’s Response to Staff First Request, Item 1(b).

²² Columbia Kentucky’s Response to Staff Second Request, Item 3, Attachment B at 37.

²³ Columbia Kentucky’s Response to Staff First Request, Item 12.

²⁴ Case No. 2021-00386, *In the Matter of the Electronic Tariff Filing of Columbia Gas of Kentucky, Inc. to Extend its Small Volume Gas Transportation Service*, Testimony of Judy Cooper, Hearing Video Transcript (Jul. 26, 2023) at 14:02:11 – 14:02:37.

If the Commission approves the Green Path Rider, Columbia will enjoy inherent advantages compared to marketers in promoting its carbon offset product. Columbia plans to educate customers on “RNG and carbon offsets and how they can be used to lower the natural gas related emissions.”²⁵ In educating customers, Columbia will “provide information on its website, emails to customers, and use some direct mail.”²⁶ Presumably, in educating customers on RNG and carbon offsets, Columbia will also promote its Green Path Rider.²⁷ Columbia has not stated that CHOICE customers will be excluded from its education efforts. Accordingly, Columbia will essentially try (expressly or implicitly) to convince its customers who take their gas from a marketer to return to utility service, and to convince its current commodity customers not to participate in the competitive retail market. Even if Columbia does not send direct mail or emails to CHOICE customers, it plans to provide information about the rider on its publicly available website.²⁸ Therefore, customers who have already contracted with a marketer for their natural gas supply will be informed of Columbia’s new product.

According to Columbia, “a budget of \$11,400 has been established for Columbia to perform [the customer education] activities.”²⁹ Although Columbia claims that “customers who do not choose the Green Path Rider will be unaffected” it is unclear whether the \$11,400 budgeted for customer education includes Columbia’s utilization of employees whose salaries are paid through the base rates approved by the Commission or if it is solely to cover costs relating to mailings to customers and modifications to Columbia’s website.³⁰ Furthermore, there are likely

²⁵ Direct Testimony of Erich A. Evans at 9:14-16.

²⁶ *Id.* at 9:16-19.

²⁷ XOOM and IGS Energy note that should Columbia be permitted to offer the Green Path Rider, its education efforts should be focused on informing customers about RNG *attributes*, which is what will be offered under the rider, rather than RNG. Any insinuation that the product Columbia seeks to offer customers contains RNG is misleading.

²⁸ Direct Testimony of Erich A. Evans at 9:16-17.

²⁹ *Id.* at 9:18-19.

³⁰ *Id.* at 6:14-15.

unstated costs of utilizing Columbia employees to implement and maintain the Green Path Rider that are not captured in the surcharge to customers opting into the Green Path Rider. Therefore, rather than reflecting the true cost of service, Columbia may potentially be offering a subsidized product that will not reflect its true costs of marketing and providing the service. Marketers cannot rely on or offer subsidized prices, as they must recover all of their costs from the rates they charge their customers. Customers who do not participate in the Green Path Rider should not be impacted by those who do, especially as similar products are already being offered in the competitive market without impact to customers who choose not to select carbon offset products.

Allowing a utility to market and sell competitive products of any kind pushes other competitive products and services, and sellers of those products and services, out of the market. An example of this occurred in the Southern Maryland Electric Cooperative (“SMECO”) territory in Maryland. In 2020, the Maryland Public Service Commission (“Maryland PSC”) approved SMECO’s request to offer a voluntary Standard Offer Service – Green Rider (“Rider G”). Under Rider G, customers who remained on SMECO’s standard offer service could opt in to pay an additional charge for SMECO to purchase renewable energy credits (“RECs”) to match the customer’s electricity usage. Just like Columbia’s proposed Green Path Rider, SMECO would not be selling any energy under Rider G, only RECs. When the Maryland PSC approved Rider G there were at least a dozen renewable energy offers from which SMECO customers could choose. As of August 31, 2023, after approval of SMECO’s Rider G, there are only five renewable offers in the SMECO service territory.³¹ Thus, in a state like Maryland, which has been a leader in advancing renewable energy, there are fewer renewable energy offers in SMECO’s service territory today than there were before SMECO’s ill-advised Rider G.

³¹ See MD Electric Choice, Shop for Your Home’s Electricity, available at: <https://www.mdelectricchoice.com/shop/?kwh=700&utility=696&renewable=yes> (last accessed Aug. 31, 2023).

If Columbia is permitted to offer this product it is likely there will be fewer renewable energy products on the market. The example above illustrates that the market suffers when a regulated utility interferes with the competitive market by offering a product that is already available. This is exactly what will happen in Columbia's service territory should the Green Path Rider be approved by the Commission.

c. Contrary to Columbia's position, the Green Path Rider does not align with Kentucky's energy strategy.

Columbia cites to a 2021 energy strategy document which acknowledges that "fuel diversity enhance[s] economic stability" in an attempt to claim that its Green Path Rider aligns with Kentucky's energy strategy.³² According to Columbia witness Judy Cooper, "[t]he Green Path Rider provides an optional mechanism whereby Columbia's customers can take advantage of diverse fuel options in furtherance of customers preferences or environmental sustainability goals."³³ However, this is not the case. Participation in the Green Path Rider "does not replace or otherwise supplant a customer's commodity supply."³⁴ Columbia is not purchasing RNG, it is purchasing "RNG environmental attributes and carbon offsets to reduce the customer's emissions associate with their natural gas usage."³⁵ These attributes and offsets are not a "diverse fuel option" for Columbia customers. Columbia's insinuation in its testimony that the Green Path Rider is a diverse fuel option raises questions of whether Columbia will be able to clearly explain this pilot program to customers through educational materials.

³² Direct Testimony of Judy Cooper at 6:1-13, citing to KYE3: Designs for a Resilient Economy at p. 17.

³³ *Id.* at 6:13-16.

³⁴ Direct Testimony of Erich Evans at 7:7-9.

³⁵ *Id.* at 3:19-20 – 4:1.

d. Columbia should be required to work with marketers to educate customers about renewable offerings.

Instead of proposing its own competitive product, Columbia should work with marketers to educate customers on carbon offset products already being offered in its service territory. Only 15% of survey respondents were willing to pay more for renewable energy.³⁶ Yet despite this low number, Columbia is proposing to implement a program that will cost customers more, rather than encouraging customers to consider the products already available from marketers.

XOOM and IGS Energy propose that marketers participating in the CHOICE program provide a report to Columbia identifying the green gas/carbon neutral products they are offering, along with the marketers' total greenhouse gas reductions associated with the retail natural gas products in Columbia's territory during the preceding calendar year.³⁷ These reports will provide important information regarding the various types of products in the competitive market, and will assist Columbia in promoting the renewable products offered in the CHOICE program.

III. CONCLUSION

WHEREFORE, for the reasons stated above, XOOM and IGS Energy respectfully submit these comments and request that the Commission reject Columbia's application for approval of a pilot Green Path Rider.

³⁶ Columbia Kentucky's Response to Staff First Request, Item 2, Attachment A.

³⁷ This proposal was raised in the now void settlement agreement in Case No. 2021-00386. *See* Case No. 2021-00386, *In the Matter of the Electronic Tariff Filing of Columbia Gas of Kentucky, Inc. to Extend its Small Volume Gas Transportation Service*, Joint Stipulation and Settlement Agreement at ¶ 2 (Sept. 22, 2022).

Respectfully submitted,

XOOM ENERGY KENTUCKY
and
IGS ENERGY

/s/ Bryce McKenney

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Dated: September 6, 2023