



June 17, 2022

Ms. Patricia Van Gerpen
South Dakota Public Utilities Commission
State Capitol Building, 1st Floor
500 E. Capitol Ave.
Pierre, SD 57501

via eFiling

Re: *Request for Approval of a Contract with Deviations with CE bp Renew Dynamic Co II, LLC*

Dear Ms. Van Gerpen:

With this letter, NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern”) is filing with the South Dakota Public Utilities Commission (the “Commission”) revisions to its Natural Gas Tariff. NorthWestern respectfully requests Commission approval of these proposed revisions.

Pursuant to ARSD 20:10:13:36 and ARSD 20:10:13:39 NorthWestern states:

1. *The documents submitted with this filing include:*

- The proposed revised tariff schedule, Section No. 4, Original Sheet No. 3, Summary List of Contracts with Deviations, which includes a reference to the Transportation Service Agreement (the “Agreement”) between NorthWestern and CE bp Renew Dynamic Co II, LLC (“Customer”) and the information required by ARSD 20:10:13:09.
- A copy of the executed proposed Agreement, for which confidential treatment is being requested, pursuant to ARSD 20:10:01:41
- Exhibit A: Request for Confidential Treatment
- Exhibit B: Confidential work papers showing the calculation of the project cost and cost recovery
- Exhibit C: Diagram of the renewable facility and pipeline

2. *The proposed effective date is July 19, 2022.*

3. *The names and addresses of those to whom this filing has been emailed:*

CE bp Renew Dynamic Co II, LLC
Attn: Matthew Stahl
4675 MacArthur Court, Suite 800
Newport Beach, CA 92660
matthew.stahl@dynamic-renewables.com



4. *Brief description of the proposed tariff changes:*

Customer intends to deliver renewable natural gas (“RNG”) to an interconnection facility near Brookings, South Dakota. This facility will be located at NorthWestern’s town border station at 1803 Western Avenue in Brookings. Exhibit C contains a diagram of the proposed facility. In order to market the RNG produced at multiple dairy farms, the Customer requires an interconnection to NorthWestern’s natural gas system. NorthWestern will build the interconnection required by Customer. RNG will be transported via truck by Customer from the dairy facilities to the interconnection point. Customer will own and be responsible for the RNG unloading facility. At the RNG facility the gas will be offloaded from a pressure of 3,600 psi to the MAOP of 800 psi. This facility will include a small compressor to empty the trailer down to 150 psi.

The Agreement includes provisions to secure project costs and guarantee delivery volumes to support the project recovery over a three-year period. Project costs and tariff delivery charges will be recovered through tariff rate 87. The annual take-or-pay volume for this agreement is 700,000 MMBtu. An annual review will be conducted to determine if volumes meet the volumetric requirement defined in the Agreement.

An amendment to the original agreement is in process, and NorthWestern anticipates completion before the requested July 19 effective date. NorthWestern recently recalculated the estimated costs for this project. Due to significant inflationary increases and evolving market conditions, the estimated costs to complete this project are approximately double the costs in the Agreement, which were based on 2021 calculations. This will also increase the recovery period from three years to seven years. Tariff rates will support the revised project recovery so no change in rate is necessary. Exhibit B has been updated to reflect the costs that are proposed to be in the amendment. The Agreement allows for an adjustment of the take-or-pay obligations after determination of the actual expenditures required to complete the project; however, the revised estimate is a significant adjustment and also affects the recovery period length. Accordingly, the Customer has been notified of the increase and has agreed in principal to sign an amendment.

The deviations from tariff requested in this filing include:

- Annual take-or-pay volumes requirements
- Required letter of credit or other security from Customer
- Natural Gas quality standard requirements
- Termination conditions as set forth in the Agreement

Except for the deviations described above, Customer will be served under the rate 87 tariff, and all other conditions of the general terms and conditions.



5. *Reasons for the proposed tariff changes:*

NorthWestern desires to provide the Customer with natural gas RNG interconnection service. The additional protections included in this Agreement provide security for NorthWestern and its legacy customers.

6. *Number of customers whose cost of service will be affected and annual changes in cost of service to such customers.*

CE bp Renew Dynamic Co II, LLC will be the only customer affected by this filing.

Sincerely,

Jeff J. Decker

Regulatory Specialist

jeff.decker@northwestern.com

(605) 353-8315