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Comments of the Coalition for Renewable Natural Gas (RNG Coalition)

Additional submitted attachment is included below.

**BEFORE THE STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION MISSION**

In the matter of:
Preparation of the
2017 Integrated Energy Policy Report

Docket No. 17-IEPR-01
(Filed January 11, 2017)

**COMMENTS BY THE
COALITION FOR RENEWABLE NATURAL GAS ON THE SCOPING ORDER
FOR THE 2017 INTEGRATED ENERGY POLICY REPORT**

Dated: January 25, 2017

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**STATE OF CALIFORNIA ENERGY RESOURCES CONSERVATION AND
DEVELOPMENT COMMISSION**

In the matter of:

Preparation of the

2017 Integrated Energy Policy Report

COMMENTS BY THE COALITION FOR RENEWABLE NATURAL GAS ON THE SCOPING ORDER FOR THE 2017 INTEGRATED ENERGY POLICY REPORT

The Coalition for Renewable Natural Gas (RNG Coalition) represents and provides leadership, public policy advocacy and education for the Renewable Natural Gas industry in North America.

The RNG Coalition submits these comments in response to the California Energy Commission's (CEC) Scoping Order for the 2017 Integrated Energy Policy Report (2017 IEPR). In recognition of the CEC's responsibility to consider public stakeholder input and provide a comprehensive, integrated energy planning and policy report to the legislature, we appreciate the opportunity to comment here. As proponents of SB 350, SB 32 / AB 197 and SB 1383, we look forward to continue working with the CEC over the course of subsequent public workshops throughout 2017 towards an adopted 2017 IEPR by February 2018.

The RNG Coalition would like to acknowledge the due diligence performed and fine work executed by CEC Staff in identifying the appropriate focal points for the 2017 IEPR. We are particularly pleased with the Scoping Order's prominent recognition of renewable natural gas (RNG, biomethane, upgraded biogas). We concur with the CEC and Scoping Order that increased development, deployment and utilization of renewable natural gas (RNG, biomethane,

upgraded biogas) is critical to the mission of achieving the State's 2030 climate change, clean energy and emissions reduction goals.

With respect to the topics identified in the proposed Scoping Order, we offer the following brief comments only as they relate to Renewable Natural Gas and or the RNG Industry:

1. IMPLEMENT SB 350

The RNG Coalition supported SB 350, focusing on the increased renewable electricity requirement from 33% to 50% by 2030. RNG is a preferred renewable energy resource for renewable electricity generation. Historically, until AB 2196 was passed by the Legislature in 2012, RNG produced out-of-state was eligible to provide storable, base-load power for obligated parties under the RPS program, to complement or compensate for the otherwise intermittent production of renewable electricity from wind or solar. Out of fear that RNG would inundated the state RPS, AB 2196 also changed the portfolio content category or 'bucket' value of RNG produced out-of-state, rendering RNG incapable of being able to compete with the proliferation of low-cost renewable electricity produced in California from wind and solar. Unfortunately, due to unintended consequences of legislation passed in 1988, with the exception of one project that benefitted from a \$30 million CEC grant, no RNG projects have been developed in California. In 2012, the RNG Coalition sponsored legislation (AB 1900, Gatto) to correct the quarter-century old statute and incent the development of biomethane

from a variety of in-state resources. Regretfully, the recent implementation of AB 1900 has resulted in regulation that is just as prohibitive as the 1988 legislation AB 1900 was introduced in 2012 to resolve. Since these regulations were promulgated, no new projects have been developed, and \$40 million in incentive monies intended to attract RNG development in California remains untouched. During the same period, more than 24 RNG projects have commenced and are under various stages of development across the country. Fortunately, we are confident that SB 840 (2016) will lead to the resolution by the California Public Utilities Commission's resolution of these outstanding pipeline access issues and enable RNG projects to be developed and interconnect with natural gas pipelines in California. Still, unless the rise of lucrative transportation fuel markets is considered by the 2017 IEPR, RNG from future in-state projects will likely be exported out-of-state, and be unavailable for RPS. Our members produce greater than 90% of all the RNG in North America. Increasingly, as their power contracts under various state's RPS programs expire, they are dedicating their RNG supply to the transportation fuel market. Even if and when current policy incongruence between programs and regulatory barriers relating to pipeline access are resolved, the value of RPS' Renewable Energy Credits (RECs) from RNG in California will not compete with the value of the Renewable Identification Numbers (RINs) generated from RNG used as a cellulosic biofuel or ultra-low carbon fuel under the federal Renewable Fuel Standard (RFS2) and or California's Low Carbon Fuel Standard (LCFS). Considering that there is only one RNG project in California, the IEPR should recommend and the Legislature

should consider allowing RNG produced out-of-state to participate once again as a portfolio content category one, or 'bucket one', renewable resource under the RPS. Unless and until the State addresses the policy incongruence between the RPS and LCFS programs, and reasonable pipeline access standards are established, California will forfeit a truly diversified RPS and be forced to meet its increased 50 percent renewable electricity requirement from intermittent resources. The CEC should consider and include these factors in the 2017 IEPR.

2. DEVELOP ELECTRICITY DEMAND FORECAST

The RNG Coalition offers no comment at this time.

3. ADDRESS CLIMATE ADAPTATION AND RESILIENCY

The RNG Coalition offers no comment at this time.

4. DEVELOP RECOMMENDATIONS ON RENEWABLE NATURAL GAS

The RNG Coalition strongly supported the passage of SB 1383, including language specifically requiring the CEC to 'identify cost-effective strategies that are consistent with existing state policies and climate change goals by considering priority end uses of renewable gas, including biomethane and biogas, and their interactions with state policies, including biomethane and all of the following <RPS, LFS, Waste Diversion Goals>'. We look forward to providing recommendations for the CEC's 2017 IEPR to the Legislature regarding renewable natural gas throughout the scheduled public workshops and hearings, both through public testimony and written comments.

5. UPDATE ON ENERGY RELIABILITY ISSUES IN SOUTHERN CALIFORNIA

The RNG Coalition offers no comment at this time.

6. ASSESS THE INTEGRATION OF DISTRIBUTED ENERGY RESOURCES

The RNG Coalition offers no comment at this time.

7. STRATEGIC TRANSMISSION INVESTMENT PLAN

The RNG Coalition offers no comment at this time.

CONCLUSION

The RNG Coalition looks forward to continue working with CEC Staff throughout subsequent workshops, including but not limited to the implementation of SB 350, SB 1383 and the development of recommendations identifying cost-effective strategies for increased development, deployment and utilization of renewable natural gas in California.

This concludes the comments provided by the Coalition for Renewable Natural Gas.

Respectfully signed and submitted on January 25, 2017.

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_____/s/_____

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