BioEnergy SOLUTIONS

02-REN-1038
DOCKET
11-RPS-01
DATE MAR 23 2012
RECD. MAR 26 2012

March 23, 2012

Mr. Robert B. Weisenmiller, Ph.D.
Chairman, California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Notice to Consider Suspension of RPS Eligibility Guidelines Related to Biomethane; Docket Numbers 02-REN-1038 and 11-RPS-01

Dear Mr. Chairman:

Our company was the first to inject renewable biomethane derived from cow manure into a utility pipeline in the state of California. We took a major risk, and have put everything we have on the line to pursue this business in an effort to make a major difference in reducing greenhouse gas emissions in the agricultural sector while producing clean, green energy with no by-products. Mr. James Boyd of the California Energy Commission celebrated our grand opening with us in 2008. Our approach has been deemed Best Available Control Technology by the San Joaquin Air Pollution Control District as it relates to emissions for dairy lagoons. In 2009 we were given the coveted GEELA award—the Governors Economic and Environmental Leadership Award—for our work in the area of climate change.

We have invested millions of dollars of capital and countless hours of sweat. Working side-by-side with Pacific Gas & Electric, we were able to deliver pipeline quality biomethane to a major utility. We employed ten individuals, and we are poised to invest an additional ten millions dollars in California this year. Further, our rollout plans are to invest an additional twenty million dollars in the next two years following our initial expansion, creating a number of permanent positions on top of all of the construction jobs that will be provided as we build digesters and biogas upgrade plants in the San Joaquin Valley.

Your proposed action threatens to immediately bring all of our plans to a screeching halt. Moreover, we believe that it may end our ability to do business here. Should we do that, lagoon emissions will once again be vented to atmosphere, and there will be a decrease in available renewable energy.

The biomethane industry is new, small and struggling. Your action could easily be its death knell. Why would you want to take an action that is directly contrary to California's efforts to reduce greenhouse gas emissions? To reduce the supply of renewable energy? We are stunned and outraged at your proposed action. While we do not oppose the concept of modifications to the existing legislative and regulatory framework

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of RPS, the proposed moratorium is simply the wrong vehicle to make changes to AB 32. Furthermore, there are two bills under consideration in the legislature that provide an opportunity to make changes and give stakeholders an opportunity to weigh in. Your action deprives us of an opportunity to be heard.

The proposed moratorium will immediately cause significant and irreparable harm to our existing business. Moreover, the financial commitments we recently received for major expansion activity in California will undoubtedly be rescinded next Thursday if you take the overtly damaging action you propose. Our biogas contract was approved by the Public Utilities Commission in 2008. We began making biomethane deliveries the same year, and we meet the current RPS requirements with quantifiable and verifiable attributes. There is nothing untoward about our business model, or our execution of it. In fact, we have always believed that our company is exactly the kind that the RPS program was designed to create and promote.

We acted justifiably in deploying significant resources in reliance on the existing rules. Ironically, you threaten to destroy all of that reliance and increasing stability to make rule changes that could easily put us and our colleagues out of business, while there are clear and foreseeable opportunities to correct the issues you seem to be concerned about. We cannot understand why you threaten us with such severe harm such that our livelihood may be destroyed overnight.

We have contracts with forty dairy farms in California for our biomethane projects. We also have letters of intent from over one hundred additional farms. All of these dairies are larger than the average size California dairy farm. Thus, our projects will effect a major reduction of unwanted emissions. Our technology is off the shelf and well understood. Our projects are relatively simple, and they produce no by-products. This is not a situation where we are trading one pollutant for another. The Air District recognizes this, and thus the SJVUAPCD has championed our project, as has Mr. Boyd. We have attached an article from our grand opening published in the Los Angeles Times, along with a picture of Secretary of Agriculture A.G. Kawamura and Mr. Boyd "flipping the switch" on our first biogas upgrade plant which resulted in subsequent biomethane deliveries to Pacific Gas & Electric.

Please reconsider the moratorium. For the good of our environment, and the people of the State of California, we urge you to withdraw this irrational proposal.

At the very least, we respectfully request that you exempt from the moratorium those facilities that have made biomethane deliveries under the existing, valid rules, and that you exempt those contracts between parties that have already produced biomethane and those that have received biomethane deliveries in California, or where parties have entered into contracts and expended resources in reliance on those contracts.

Very Truly Yours,

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Newest energy source: cow patties

A facility near Fresno captures methane gas that wafts from a huge vat of cattle manure and sells it to PG&E.

April 10, 2008|Nichola Groom | Reuters

Imagine a vat of liquid cow manure covering the area of five football fields and 33 feet deep. Meet California's most-alternative new energy.

On a dairy farm near Fresno, manure is being turned into natural gas for use by PG&E in what the utility hopes will be a new way to power homes with renewable, if not entirely clean, energy.

The Vintage Dairy Biogas Project, the brainchild of lifelong dairyman David Albers, aims to provide the natural gas needed to power 1,200 homes a day, Albers said at the inauguration ceremony for the facility in Riverdale.

"When most people see a pile of manure, they see a pile of manure. We saw it as an opportunity for farmers, for utilities and for California," Albers said.

In addition to being a partner in the 5,000-head Vintage Dairy, Albers is also president of BioEnergy Solutions, the company that funded and built the facility, which cost millions of dollars. PG&E is simply a customer and the companies declined to give details of project finances.

As cow manure decomposes, it produces methane, a greenhouse gas more potent than carbon dioxide. Scientists say controlling methane emissions from animals such as cows would be a major step in addressing climate change.

Enter the Vintage Dairy project. As luck would have it, methane can be captured and treated to produce renewable gas, and California regulators have directed PG&E and other utilities to make renewable energy at least 20% of their electricity supplies by 2010.

PG&E expects to reach 14% this year, thanks in small part at least to its partnership with BioEnergy Solutions.

To tap the renewable gas from cow manure, the Vintage Dairy farm first flushes manure into a large, octagonal pit where it becomes about 99% water. It is then pumped into a covered lagoon, first passing through a screen that filters out large solids that eventually become the cows' bedding.

The covered lagoon, or "digester," is the size of nearly five football fields and about 33 feet deep. It is lined with plastic to protect the groundwater, and the cover, made of high density polyethylene, is held down at the edges by concrete. The digester's cover was sunken into the lagoon recently, and officials said it would be taut and raised in a few days as the gas collects underneath it.

Weights on top of the digester channel the gas to the small facility where it is "scrubbed" of hydrogen sulfide and carbon dioxide. The end product is "close to 99% pure methane" according to BioEnergy Chief Operating Officer Thomas Hintz.

Once it is treated, the gas is injected into PG&E's pipeline, where it will be shipped to a power plant in Northern California.

According to Albers, PG&E and state officials, biogas is a major opportunity for dairy farmers to make extra revenue while helping the environment.

"There are a lot of lagoons like this in California that don't have lining in them," said James Boyd, commissioner of the California Energy Commission. "There is a business case to be made for this . . . climate change has really provided the incentive to do this."

Both BioEnergy Solutions and PG&E are actively courting dairy farmers, whose cow manure is now simply being used as fertilizer, allowing the methane to be released into the air as a greenhouse gas.

"With nearly 2 million dairy cows in California, the potential is great," said Roy Kuga, vice president of energy supply for San Francisco-based PG&E. The company has a partnership with another company, Microgy, which is setting up biogas projects at three California dairies.

In practice, however, not every dairy could participate in such a project because some are not close enough to the necessary gas transmission lines, PG&E officials said.

Los Angeles Times