

DOCKETED

Docket Number:	19-MISC-03
Project Title:	The Natural Gas Infrastructure and Decarbonization Targets
TN #:	228829
Document Title:	AECA Comments Re CEC Staff Workshop for CEC PIER-16-011
Description:	N/A
Filer:	System
Organization:	Maddie Munson/AECA
Submitter Role:	Public
Submission Date:	6/21/2019 4:15:17 PM
Docketed Date:	6/21/2019

Comment Received From: Maddie Munson
Submitted On: 6/21/2019
Docket Number: 19-MISC-03

AECA Comments Re: CEC Staff Workshop for CEC PIER-16-011

Additional submitted attachment is included below.



AECA Comments Re: CEC Staff Workshop for CEC PIER-16-011

The Agricultural Energy Consumers Association (AECA) represents the state's leading agricultural food and fiber producers and processors on energy related issues in California. AECA also works closely with the state's dairy industry and represents the major dairy digester developers producing renewable natural gas in the state. AECA strongly supports the need for and continued use of natural gas in the food and fiber processing and manufacturing sectors.

AECA generally supports the findings and conclusions of the E3 report entitled "Draft Results: Future of Natural Gas Distribution in California." While we believe E3 may have underestimated the cost of both electric and gas distribution service in the future we do not believe these assumptions have an impact on the correct conclusions reached by the report. While AECA is a strong proponent of in-state biomethane as an important source of renewable natural gas, many of our members are also major natural gas consumers who are reliant on competitively priced energy services. AECA does not support the continued or increased importation or manufacture of renewable gas or hydrogen as a replacement for fossil gas use in the state. As the E3 study correctly concludes, all renewable gas is exceedingly expensive, and does not represent a cost-effective or competitive alternative fuel, especially for commercial and industrial uses in the food processing and industrial sectors that are dependent on the production of heat. Renewable gas sources that are 5 to 10 times more expensive than fossil natural gas are simply not a viable option now or in the future for businesses who must compete in national and international markets.

AECA strongly believes the highest and best use of biomethane is as renewable natural gas in the transportation sector as a replacement for diesel in heavy duty freight. As correctly concluded by E3, this is the highest and best use of captured biomethane from the state's landfills, wastewater facilities, and dairies. It is also consistent with current practice. More than 50 dairy digesters will soon be producing biomethane in California. All of these projects will be producing transportation fuel. None of this gas will be available for replacement of natural gas in homes or businesses. AECA does not expect this situation to change moving forward.

AECA also supports the E3 report's conclusion that sufficient in-state feedstocks do not exist to make a major dent in fossil natural gas use in California under any circumstances. Despite the best efforts of the Renewable Natural Gas Coalition, Bioenergy Association of California, and SoCal Gas Company to overestimate and overpromise renewable natural gas potential, they all rely on gross overestimates of the "technical potential" of available organic waste in California. However, much of these technically available feedstocks will never be converted to renewable natural gas. The dairy industry is a great example in this regard. While the dairy

industry is making great progress toward the state's methane reduction goals, not all dairies (and their waste) will rely on digesters which produce RNG. Many dairies are pursuing other methane mitigation projects that simply reduce methane at the source rather than capture it, through the Alternative Manure Management Program, operated by CDFA. Equally important, as stated previously, the RNG being produced by the dairies that are installing digesters is all being utilized for transportation fuel.

AECA does not support the importation of expensive RNG from out-of-state sources, as advocated by the RNG Coalition. Saddling California ratepayers with expensive RNG that fails to help California achieve its in-state GHG and methane reduction goals is not an effective climate or energy policy strategy and leads to the transfer of jobs and tax-base to other states. Moreover, as pointed out by multiple parties, the replacement of fossil gas with renewable gas in homes and commercial buildings does not directly reduce GHG emissions from those facilities since the emissions profile is identical. As a result, California cannot achieve its long-term in-state GHG reduction targets with the use of RNG in homes and businesses.

Finally, AECA concurs with the conclusion reached by the E3 study that gas demand will decrease in all of the GHG mitigation scenarios. Natural gas use in the electric generation and oil industries will continue to decline in California under all scenarios. Achieving California's ambitious GHG reduction goals will also inevitably require the phase-out of natural gas usage in residential and commercial building space and water heating. Continuing to expand gas distribution lines into new development will lead to additional and significant stranded assets in the not too distant future.

In conclusion, AECA strongly supports the continued use of natural gas for food and fiber production, processing, and manufacturing. These businesses must be able to remain competitive with out-of-state competitors. AECA also supports the capture and productive use of cost-effective biomethane from the state's landfills, wastewater treatment facilities, and dairies. The highest and best use of this captured biomethane is in the transportation sector as concluded by E3. AECA also supports E3's correct conclusion that reliance on expensive out-of-state RNG is not a cost-effective solution and fails to achieve California's in-state GHG reduction targets.