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Docket# 19-SB-100 Comments of California Biomass Energy Alliance on the SB 100 Joint Agency Report

Additional submitted attachment is included below.

November 12, 2019

California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

Docket #: 19-SB-100
Submitted via electronic comment system

Re: Comments of California Biomass Energy Alliance on the
SB 100 Joint Agency Report: Charting a Path to a 100% Clean Energy Future

Dear Commissioners:

The California Biomass Energy Alliance is pleased to submit the following comments on the SB 100 Joint Agency Report to the Legislature evaluating California's renewable energy and zero-carbon resources supply to get the state to its 2045 goals. CBEA supported SB 100 and supports this process. CBEA primarily wants to emphasize that despite the utilities meeting their 2020 renewable mandate, getting to 2045 will take a more concerted effort. CBEA would like the Joint Agency Report to highlight 1) obstacles to maintaining the existing renewable resource infrastructure; and, 2) recognize that all renewables do not deliver identical products. Baseload renewables, for example, provide energy to the grid that is highly reliable, while intermittent resources are increasingly less able to provide reliability support to the grid. In addition, biomass and biogas gas resources provide ancillary environmental benefits such as decreased organics disposed of in landfills, decreased open burning of agricultural and forestry residues, and increased forestry management activity. These ancillary benefits should be recognized, valued and given separate but parallel procurement opportunities.

1. Protect existing renewable resources.

The Joint Agency Report should acknowledge that achieving California's 2045 environmental goals will be challenging, to say the least. Although the utilities are meeting the state's 2020 RPS targets, we are concerned that the assumptions in the Report include the indefinite continued operation of existing renewable resources when, in fact, many of these resources are at risk of retirement for lack of sufficient revenues.[1] Half of the current biomass electric generating

[1] Consider, for example, the purpose of AB 893 (as amended 8/23/18), which would have mandated procurement "to ensure that existing renewable energy resources stay online and that new or repowered renewable energy resources are contracted by 2019 to ensure California stays on track to meet the 2030 greenhouse gas emissions target." This bill, promoted by CalWEA and the geothermal and biomass industries, was promoted in recognition of the risk that these resources will not continue to operate without additional support.

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facilities have contracts that will expire over the next few years. Similarly, most 1980s-vintage wind projects are either in the last few years of their 1980s-era "QF" contracts,[2] are operating under short-term contracts, or are selling directly into the CAISO market.[3] These contracts or prices are insufficient to support the repowering of – or even the necessary capital repairs for – these aging facilities. As a result, these projects are at serious risk of deterioration and shutdown. Preserving existing renewable resources is good for the communities in which the facilities are located, and good for ratepayers.

CBEA recommends the Report should highlight all existing wind, biomass, solar and geothermal resources now under long-term contracts and accurately portray whether or not they will actually continue to operate over the next decade and beyond. We suggest joint agency staff bring together the relevant stakeholders to discuss how these resources should be considered as candidate resources in the Report.

2. The RPS needs to promote more balanced resource portfolios that also value environmental and community benefits.

Also contributing to the 2045 renewable path challenges is the lack of evaluation of renewable resources' environmental and economic benefits. The RPS is designed to be technology neutral, including taking into account least-cost/best-fit analysis. This sounds nice on paper and is something CBEA originally supported, but in practice it has led to the over procurement of intermittent renewables at the expense of the state's renewable baseload infrastructure. The RPS has been successful in encouraging wind and solar power production but has resulted in little to no development of new baseload renewable sources, such as biomass, necessary to complement the variable output of wind and solar. The result is a shortfall of reliable renewable energy that is projected to grow in future years as the RPS requirements increase. Studies show there is a cost savings to ratepayers when the grid includes a diversified portfolio that includes biomass resources. Costs to ratepayers are balanced by savings from reduced fuel purchases, more efficient use of grid resources, and avoided emissions costs. Jobs savings and job creation serves as an economic stimulus. And, utility revenue requirements associated with a diverse portfolio are shown to be minimal.

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[2] Virtually all wind energy projects that were operating in California prior to the adoption of the RPS in 2002 were "qualifying facilities" ("QFs") operating under "standard offer" contracts pursuant to California's implementation of the federal Public Utility Regulatory Policies Act (PURPA) of 1978. Most of these contracts were 30 years in length. Approximately 1,700 MW of QF wind contracts will have expired between 2014 and 2020, as detailed in CalWEA Attachment 1.

[3] Average prices in the CAISO market in SP-15 averaged 2.8 cents/kWh between mid-2016 and mid-2017. Scheduling and other fees are subtracted from these prices.

Development of additional baseload resources such as biomass has additional environmental and economic benefits for the region where the facility is going to be located, particularly for economically and environmentally disadvantaged communities in the state, where many baseload facilities are or would be located. These benefits include improved air and water quality, helping the state meet its organics diversion goals, healthier forests, high-paying jobs, and tax revenue for mostly rural local governments. The absence of this analysis also leaves biomass, which has substantial fuel costs, competing on an unlevel playing field.

There are reasonable options available for resolving the imbalance of resources and valuation of environmental benefits that should be highlighted in the Joint Agency Report. One way to accomplish these goals is to silo renewable procurement between peaking and intermittent resources and baseload. Siloing will provide a more apples-to-apples comparison of the resources being provided. Alternatively, specific technology mandates would serve the same purpose. For example, AB 2208, which would have required a percentage of future renewable generation procured to meet the state's RPS to come from grid-balancing resources. And, regardless of which of these options is chosen, Least-Cost Best Fit reform needs to be put back on track, although it is unclear what role LCBF can play in a world in which CCAs, not IOUs, are the principal procurers of RPS energy.

Clearly, biomass is capable of being part of the state's renewable future goals. But it is more than that – biomass power production is essential *for California.* California's biomass power plants combust wood residues and byproducts to produce renewable electricity — material whose disposal using conventional means creates significant adverse environmental impacts. Solid biomass fuels are materials that are diverted primarily from three kinds of disposal or disposition fates: open burning, landfill disposal, and accumulation as overgrowth material in the state's forests. The original impetus for starting the California biomass industry in the late 1970s was an effort to improve air quality in the state by ending the disposal of sawmill residues by combustion in smoky teepee burners. In the pre-1970s world, the majority of the fuel currently used by the state's biomass industry was disposed of by open burning. In today's world, if the biomass industry suddenly ceased operations, the majority of the fuel would probably have to be disposed of by landfill burial. In addition to providing reliable, schedulable renewable electricity, biomass power generation provides the following reuse benefits to Californians for these lowest-market-value wood materials:

- Biomass helps local governments meet landfill reduction mandates by diverting over 4.3 million tons of low-value wood residue annually for fuel.

- Biomass helps local air districts comply with federal air-quality standards by reducing emissions of Criteria Pollutants by preventing open burning of 1.5 million tons of

agricultural and forestry residues each year. Biomass plants cut criteria pollutant emissions by up to 98% compared with open burning.

- Biomass promotes healthier forests by reducing the cost of performing fuels reduction and other forestry-cleanup operations. More than 40,000 acres of forest land were treated in California in 2013 as a result of the market for biomass fuels.

- Biomass helps California meet mandated GHG reductions by diverting wood into fuel that provides a net reduction of over 3.2 million tons of biogenic GHG emissions per year. An additional 2.2 million tons of avoided GHG emissions per year results from the biomass industry's displacement of fossil-fueled generation by the electric utilities.

In addition to these unique disposal benefits, solid-fuel biomass power generation provides benefits to the electricity grid that result from the fact that it is a reliable, schedulable, baseload generation option.

- Biomass power generators are capable of delivering electricity with capacity factors exceeding 90%, and availabilities in excess of 95%.

California's biomass power industry is creating living wage jobs and growing the green economy. Unlike other renewable technologies, biomass generators have to collect, process and transport its fuels, with the result that they are more labor intensive.

- Biomass industry employs about 750 direct jobs at the facilities, and 1,200 to 1,500 dedicated indirect jobs in the fuel-supply infrastructure. Most of these jobs are in rural areas of the state.

The existing biomass power industry provides California with significant economic and environmental benefits that are essential for California. Biomass is an industry that needs to be preserved and enhanced if the state is ever going to realize its renewable energy, greenhouse-gas emissions reduction, air quality, and landfill-disposal reduction goals.

Thank you for considering these suggestions.

Sincerely,
California Biomass Energy Alliance

Julee Malinowski Ball, Executive Director