

DOCKETED

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DC Energy Services Comments

Additional submitted attachment is included below.



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May 08, 2023

California Energy Commission
Docket Unit, MS-4
Docket No. 23-ERDD-05
715 P Street
Sacramento, California 95814

Dear Mr. Cyrus Ghandi,

DC Energy Services LLC (DCE) would like to submit the following comments to the California Energy Commission (CEC) in regard to the proposed changes to the Food Production Investment Program (FPIP) guidelines.

Since 2018, the Food Production Investment Program has been a major catalyst for food processors in the State of California to implement projects and upgrades to their facilities that reduce greenhouse gas emissions in accordance with the state's sustainability goals to reach carbon neutrality by 2045. These projects have ranged from off-the-shelf retrofits/replacements to sophisticated, cutting-edge technologies. Regardless of project type and size, the FPIP has been responsible for providing the funds necessary to make these projects a reality and has had a profound impact on our customer base and their approach to assessing and approving projects internally for funding. Through the FPIP, DCE customers have been awarded over \$18MM and committed to nearly 13,000 MTCO_{2e} per year in GHG emission reductions.

With the recently proposed changes to the FPIP, DCE would like to provide the following comments and questions for consideration prior to launching the revised guidelines for future solicitations.

Items for Consideration

- Reconsider the removal of the following technologies from the list of eligible technologies due to their deep decarbonization potential, air pollution reductions, and proven implementation track record.
 - Drying Equipment
 - High efficiency drying equipment, whether it is a natural gas or fully electric option, offers significant reductions and GHG emissions and requires substantial capital investment and planning to make it a reality.
 - Assuming a 24/7 operation, new high efficiency natural gas dryers are often more efficient from an electricity consumption standpoint as well, resulting in reduced demand on the grid during peak periods.
 - Fully electric options have often been cost prohibitive from an OPEX standpoint due to California's electricity prices and demand charge billing structures. Recommend allowing electrification of drying equipment if coupled with renewable energy production and/or storage.
 - Industrial cooking equipment
 - High efficiency cooking equipment, whether it is a natural gas or fully electric option, offers significant reductions and GHG emissions and requires substantial capital investment and planning to make it a reality.
 - Recommend allowing electrification of industrial cooking equipment if coupled with renewable energy production and/or storage.



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- Boilers, economizers, evaporators
 - These technologies are proven to provide increases in equipment/system efficiencies and major reductions in fuel consumption and GHG emissions for equipment/systems that are difficult to decarbonize and are often located in, or adjacent to, under-resourced communities.
- Renewable energy generation, including biogas production.
 - Onsite generated biogas can be used for decarbonizing boiler systems or used in an onsite generator to offer decarbonized power and offer grid support during peak periods.
 - Equipment necessary to clean and deliver biogas to required specifications for onsite use can be capital intensive with little-to-no funding resources available on the market to help make investments feasible.
 - Further, according to California's Carbon Neutrality goals as set forth in AB 32, biomethane (biogas) is anticipated to play a large role in the State's ability to achieve their goals.
- Consider adding LED retrofits/upgrades to the eligible technology list.
 - Currently, there are zero incentives/rebates available to customers for LED lighting upgrades in the IOUs' territories.
 - Customers are not required by code to upgrade their existing non-LED fixtures to LED.
 - There are still substantial opportunities for LED upgrades in the food processing sector.
 - LED lighting conversions will offer direct grid benefits throughout all periods of the day, even during net peak periods while resulting in indirect GHG emission reductions.
 - To prevent an overabundance of applications consisting of only LED upgrades, perhaps set a minimum project scope size (based on savings potential) or require the application incorporate multiple measures in addition to the LED lighting.
- Consider adding wastewater treatment technologies to the eligible technology list.
 - Many food processors have onsite wastewater treatment systems that are directly related to a facility's process and operation.
 - Wastewater treatment technologies are energy intensive making them great candidates for energy conservation and GHG reduction opportunities.
 - Biogas is often a byproduct of wastewater treatment technologies and is a great low/negative carbon energy resource that can be utilized for direct GHG emission reductions if used in onsite fossil fuel equipment or indirect GHG emission reductions and grid support if used in onsite generators for electricity production.
 - There are little-to-no funding resources available on the market to help make onsite wastewater treatment investments feasible.
- Consider adding NAICS code: 115114 – Post Harvest Crop Activities to the list of eligible NAICS codes.
 - This NAICS code typically applies to packing houses who support food processors and is described as follows: *This U.S. industry comprises establishments primarily engaged in performing services on crops, subsequent to their harvest, with the intent of preparing them for market or further processing. These establishments provide postharvest activities, such as crop cleaning, sun drying, shelling, fumigating, curing, sorting, grading, packing, and cooling.* [NAICS Code 115114 - Other postharvest crop activities \(siccode.com\)](https://www.siccode.com/naics/115114)
- Consider adding Preliminary Engineering as an eligible cost, but with a cap on the amount allocated to this line item. Perhaps scale the eligible cost based on the award amount.
 - Many projects, even "off-the-shelf" technologies, require some preliminary engineering to ensure the equipment is sized, installed, and operated correctly and will realize or exceed the savings.



Feedback for Questions Asked

- *What barriers or challenges significantly hinder food processing facilities from obtaining a carbon-neutral future in the mid to long term?*
 - Limited funding resources available to make meaningful impact on project economics to help food processors implement technologies that will reduce/eliminate GHG emissions from their operations. Existing utility incentive programs are limited in funding and are overburdened with policy and extensive approval timelines.
- *What are the biggest opportunities, and how can FPIP help?*
 - With ongoing industry demand for food processors to report on and commit reductions in their Scope 1 and 2 emissions, the FPIP can provide the financial resources needed by food processors to continue to implement projects and technologies that will reduce direct (Scope 1) and indirect (Scope 2) GHG emissions.
- *What are the main opportunities to achieve net peak load reduction in the food processing industry, and how should they be evaluated/scored?*
 - Opportunities to achieve net peak load reductions will lean heavily on standalone renewable energy and storage systems or microgrids that can offset grid demand during net peak periods.
 - Integrating onsite electricity production derived from self-produced biogas combustion can play a major role in providing grid support during net peak load periods.
 - As mentioned previously, LED lighting projects have significant potential to provide grid support during net peak load reductions.
 - Advanced controls for equipment/systems and load shifting any processes to non-peak time periods.
- *How often do food facilities engage and collaborate with their respective (or surrounding) communities?*
 - Food processors engage with their local and surrounding communities and many forms. From food drives, educational scholarships, to fund raising events, food processors are regularly looking for opportunities to support their workforce and give back to their community.
- *What strategies can food facilities take to ensure communities receive meaningful benefits from FPIP projects?*
 - Food facilities that are focusing on efforts to decarbonize their operation and minimize their direct GHG emissions and air pollution offer some of the biggest benefits to adjacent under-resourced communities.

Requests for Clarification

- What type of criteria must be met for renewable energy production and storage systems that are installed as part of an electrification project? Are there minimum/maximum system sizes that must be met?
- Can you define an “under-resource community”? Is this the same as a DAC?
- Can you define “net peak periods” and what hours of the day and days of the week specifically apply to net peak periods?

In conclusion, DCE recommends that the CEC reconsider the removal of technologies and projects that have historically been considered eligible under the FPIP. Rather, DCE proposes the CEC expand the pre-existing eligible technology list to include onsite wastewater treatment technologies (including biogas production and utilization) and LED lighting retrofits due to the market potential and ability to alleviate the grid during net peak periods. DCE’s proposed changes support the intentions and goals set forth in AB 209, Chapter 7.6 Clean Energy Programs, Article 3. Food Production Investment Program, Section 25663. We eagerly wait for the release of the final guidelines for the FPIP and look forward to participating in the program on behalf of our food processing clients.



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Thank you for your time and consideration.

A handwritten signature in blue ink, appearing to read "Jack DiGiacomo".

Jack DiGiacomo
President
DC Energy Services