

## DOCKETED

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# Energy Commission to Consider Suspension of the RPS Eligibility Guidelines Related to Biomethane

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## Presentation Outline

- Energy Commission's RPS Roles
- Biomethane in RPS Statute
- History of Biomethane in California's RPS
- Eligibility Requirements for Electric Generation Facilities Using Biomethane
- New 33% by 2020 RPS Legislation
- Purpose of Proposed Suspension of RPS Eligibility
- Conditions of Suspension
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## Energy Commission's RPS Roles

- Certify electric generation facilities as eligible renewable energy resources for the RPS
- Design and implement a tracking and verification system for RPS compliance
- Adopt regulations for RPS enforcement for Publicly-Owned Electric Utilities



## Biomethane in California RPS Statute

- Law does not specifically identify “biogas” as an eligible renewable energy resource for the RPS.
- Law identifies “biomass,” “digester gas,” and “landfill gas,” but does not define these terms.
- Law is silent on whether these fuels must be used on the site of the fuel’s production to generate electricity for purposes of the RPS.
- Law does not specify how these fuels, if produced offsite, should be delivered to a power plant for purposes of generating electricity.



## History of Biomethane in California RPS

- In 2006, stakeholders sought clarification on transporting digester gas to a designated power plant via natural gas pipeline system.
- First addressed as a separate eligible renewable resource category in March 2007 RPS Eligibility Guidebook.
- One facility certified as RPS eligible in 2008 (later decommissioned), a second certified in 2009, a third in 2010.
- Currently 16 facilities certified as RPS-eligible, 13 are pending certification.
- 6 facilities are precertified, 1 is pending precertification.



## RPS Eligibility Requirements for Biomethane

- RPS-eligible biogas is derived from RPS-eligible fuel including biomass, digester gas, and/or landfill gas.
- Biogas may be converted to electricity in an RPS-eligible electric generating facility:
  - colocated at the fuel production site or transported via dedicated pipeline to an RPS-eligible electric generating facility
  - transported offsite as biomethane to an RPS-eligible electric generating facility via natural gas pipeline system.
- Receipt point (injection point) may be any interstate pipeline in the WECC or that is connected to a pipeline that delivers gas into California.
- Delivery point must be to CA, or to the generating facility if the facility is located outside CA.



## RPS Eligibility Requirements for Biomethane

- The RPS applicant must enter into contracts for the delivery or storage of the gas with every pipeline or storage facility operator from the receipt point to delivery point.
- No party may sell, trade, give away, claim, or otherwise dispose of any of the attributes that would prevent the resulting electricity from being compliant with the definition of “green attributes.”





## RPS Eligibility Requirements for Biomethane

- Quantifying RPS-eligible energy production requires accurate metering:
  - Volume of the biomethane received into and transported via the pipeline system and its measured heat content
  - Volume and heat content of the nonrenewable fuel used at the electric generation facility
  - Amount of electricity generated by the power plant.



## New 33% by 2020 RPS Legislation

- Senate Bill X1-2 (2011) establishes preference for electricity generation that provides more environmental benefits to state:
  - Displaces in-state fossil fuel consumption
  - Reduces air pollution within the state
  - Helps the state meet its climate change goals by reducing greenhouse gas emissions from electricity generation.



## Purpose of Proposed Suspension

Reexamine the Energy Commission's RPS requirements for biomethane in light of Senate Bill X1-2.

- Current RPS Eligibility Guidebook does NOT:
  - Require biomethane use displace fossil fuel consumption
  - Require biomethane use reduce air pollution
  - Establish rigorous requirements to verify claimed quantity of biomethane actually used by power plant
  - Establish rigorous requirements to verify biomethane attributes transferred to power plant for RPS and not double counted.



## Purpose of Proposed Suspension

Evaluate issues to ensure intended benefits of SBX1-2 realized.

- Do the RPS requirements for electric generation facilities using biomethane demonstrate that the environmental objectives of SB X1-2 are being met?
- Is the tracking and verification system rigorous enough to ensure that renewable energy attributes are not being double counted?
- Should the RPS requirements ensure additionality?



## Conditions of Suspension

If suspension approved:

- Provisions in current RPS Eligibility Guidebook for certification of electric generation facilities using biomethane are suspended at 5:00 p.m. today
- Suspension in effect until lifted by Energy Commission.
- Facilities precertified as RPS-eligible remain precertified.
- Facilities certified as RPS-eligible not affected, provided:
  1. Biomethane is used pursuant to requirements in edition of RPS Eligibility Guidebook under which facility was certified.



## Conditions of Suspension

2. Use of biomethane is limited to amount and sources procured under contract(s) specifically identified in approved application for RPS certification.
3. Facility operators provide documentation of biomethane procured before suspension date including information on biomethane supply contract(s):
  - Term length; start and end dates; monthly gas deliveries in therms.
4. No amendments to extend biomethane contract term, increase supply, or otherwise increase amount or availability of biomethane supplied to facility will be accepted during suspension. Such amendments will be subject to eligibility requirements in place after suspension is lifted.



## Conditions of Suspension

- RPS certification is applicable for facilities using biomethane produced and delivered on or before the date of application for certification, not for future or prospective biomethane supplies.
- Complete applications for certification or precertification received before the effective date of the suspension will be processed under the Fourth Edition of the RPS Eligibility Guidebook.
- Applications for certification or precertification received after the effective date of suspension will not be processed and will be returned to applicant.
- Facilities using biomethane seeking certification after the suspension is lifted will be subject to requirements in place after the suspension is lifted.



## Next Steps

- Written comments were due by 5:00 p.m. March 23, 2012.
- Final Draft of the RPS Eligibility Guidebook, Fifth Edition, is planned for public release by early April 2012.
  - No changes to eligibility requirements pertaining to biomethane are anticipated at this time.
- The Legislature may act to clarify RPS eligibility conditions for facilities using pipeline biomethane.
- The Energy Commission will notify interested stakeholders if it proposes to take action on pipeline biomethane for RPS.
  - Notifications will be posted to the “renewable” listserver and on the Energy Commission’s website: