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Bioenergy Association of California Comments on 2017 IEPR

Additional submitted attachment is included below.



November 13, 2017

The Honorable Robert Weisenmiller, Chairman
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

Re: Comments on the Draft 2017 IEPR

Dear Chairman Weisenmiller:

I am writing on behalf of the Bioenergy Association of California to urge the Commission to include additional recommendations on biogas and biomethane in the Draft 2017 IEPR to meet the requirements of SB 1383. The Draft IEPR provides an excellent overview of renewable gas potential and some of the opportunities and obstacles to its increased development. It falls far short, however, of the requirements of SB 1383 to recommend policies and incentives to significantly increase renewable gas production and use. In particular, it fails to recommend policies suggested in the *Short-Lived Climate Pollutant Reduction Strategy* and policies needed to meet SLCP reduction goals, in contradiction to the requirements of SB 1383. This is a significant missed opportunity that will make it more difficult for California to meet its Short-Lived Climate Pollutant reduction requirements and other important climate and clean energy goals.

The Bioenergy Association of California represents more than 60 private companies, public agencies, local governments, utilities, environmental groups and others working to produce bioenergy from organic waste. BAC members work across all organic waste sectors to provide biopower, biofuels, renewable hydrogen for fuel cells, pipeline biogas, and combined heat and power. BAC members are also working to achieve the dairy methane, organic waste diversion, and black carbon reduction goals of SB 1383.

BAC appreciates the thorough description of renewable gas potential in California and strongly supports the recommendation to increase R&D funding for renewable gas. BAC also supports the recommendations to encourage the use of renewable gas and low emission vehicles in state fleets, and to increase incentives for low emission vehicles that run on renewable biogas.

The remaining recommendations, however, largely reflect existing policy and fail to propose new policies and incentives to significantly increase biogas and biomethane production and use, as SB 1383 requires. BAC strongly urges the Commission to correct the following errors and to address the most serious omissions in the Draft IEPR, which are summarized below.

I. The Draft IEPR Omits Critical Legal and Policy Issues.

The Draft IEPR does not meet the requirement of SB 1383 to recommend policies that other agencies can then adopt to significantly increase the production and use of biogas and biomethane. SB 1383 requires that:

Based on the [the Commission's recommendations], and to meet the state's climate change, renewable energy, low-carbon fuel, and short-lived climate pollutants goals, including black carbon, landfill diversion, and dairy methane targets identified in the strategy, state agencies shall consider and, as appropriate, adopt policies and incentives to significantly increase the sustainable production and use of renewable gas, including biomethane and biogas.¹

The Draft IEPR fails to recommend new policies and incentives that other state agencies must consider and adopt as appropriate.

The Draft also provides an incomplete summary of related laws and policies, most importantly:

- The summary of AB 2313 (Williams, 2016) fails to mention that the law requires the CPUC to consider rate-basing pipeline biogas interconnection before the current \$40 million incentive program ends.²
- The summary of related transportation policies fails to mention the Sustainable Freight Strategy, which is the transportation sector where biogas is most valuable to reduce carbon and air pollution emissions.³
- The summary of the BioMAT/SB 1122 (Rubio, 2016) mischaracterizes the statutory and program requirements: SB 1122 did not contain an end date and a program price review is authorized by the Commission's BioMAT decision, but not required.

2. The Draft Fails to Recommend any Policies to Increase Electricity from Biogas.

SB 1383 requires the Commission to recommend priority end uses of renewable gas consistent with the RPS, LCFS, waste diversion goals and the state's Cap &

¹ Health and Safety Code section 39730.8(c).

² Draft 2017 IEPR at page 274.

³ Draft 2017 IEPR at pages 187-188.

Trade program.⁴ Yet the Draft IEPR fails to recommend any policies or incentives to increase renewable gas in the electricity sector, consistent with the RPS.

The Draft IEPR's chapter on electricity points out several times how important gas power generation is to provide flexible generation power to balance intermittent renewables and ensure grid stability. Yet the electricity chapter fails to mention biogas as a way to provide renewable, flexible generation power and to lower the carbon emissions of existing power plants.

The chapter on renewable gas also fails to provide any recommendations for increasing renewable gas in the electricity sector. While it provides a summary of the BioMAT and other distributed generation programs, it fails to make a single suggestion to accelerate the BioMAT or increase renewable gas use in the electricity sector.

The Draft IEPR cannot meet the requirements of SB 1383 without making recommendations to increase renewable gas to help meet the state's RPS.⁵ This is a serious omission that should be corrected in the Final 2017 IEPR. BAC and other stakeholders made several recommendations in our written comments and testimony at the workshop to increase renewable gas in the electricity sector.

3. The Draft Fails to Recommend Policies to Improve Interconnection for Pipeline Biogas or Biopower Projects.

SB 1383 requires that the renewable gas recommendations must be consistent with the state's SLCP strategy, yet the Draft IEPR ignores the SLCP's repeated statements that state agencies must improve the interconnection process for the state to meet its SLCP goals. The Air Board has noted in the *Short-Lived Climate Pollutant Reduction Strategy* and the *Draft Climate Change Scoping Plan for 2030* that interconnection remains a significant barrier for pipeline biogas and biopower transmission. The Governor's Emergency Proclamation on Tree Mortality also requires the CPUC to expedite interconnection for forest BioMAT projects,⁶ yet the Draft IEPR contains no recommendations to accelerate or reduce the costs of pipeline and transmission line interconnection for renewable gas projects.

The *Short-Lived Climate Pollutant Reduction Strategy* makes clear that interconnection remains one of the biggest barriers to Short-Lived Climate Pollutant reduction. As the *Strategy* states:

“Interconnecting distributed sources of renewable energy onto the electricity grid, or biogas into pipelines, remains an unnecessarily long and costly process in many cases . . . Stubborn barriers remain, including

⁴ Health and Safety Code section 39730(b)(1) – (5).

⁵ Health and Safety Code section 39730.8(b) (1).

⁶ Governor's Emergency Order, footnote 3 above, paragraph 10.

connecting distributed electricity and biogas projects, which have slowed previous efforts to reduce emissions of SLCPs and capture a wide array of benefits. These barriers are not insurmountable, and now is the time to solve them. State agencies, utilities, and other stakeholders need to work immediately to identify and resolve remaining obstacles to connecting distributed electricity with the grid and injecting renewable natural gas into the pipeline, as called for in SB 1383.”⁷

The *Short-Lived Climate Pollutant Reduction Strategy* goes on to state that:

“Practical solutions must be developed and implemented to overcome barriers to waste gas utilization for pipeline injection and grid interconnection.”⁸ (emphasis added)

Despite these strong pleas from the Air Board to address interconnection, and the clear statement that failing to do so is impeding the state’s SLCP efforts, the Draft IEPR contains no recommendations to accelerate interconnection for renewable gas projects. Since SB 1383 requires the IEPR recommendations to be consistent with the state’s SLCP Strategy, the Final 2017 IEPR must include recommendations to improve pipeline and transmission line interconnection for biogas and biomethane.

4. The Draft Fails to Recommend Any Specific Policies to Provide Long-Term Market Certainty.

Although the Draft IEPR recommends continuing to develop mechanisms to provide long-term market certainty for renewable gas, it fails to recommend a single policy that would provide long-term certainty.⁹ Many stakeholders, including SoCalGas and PG&E, recommended a utility procurement requirement or renewable gas standard. The vast majority of stakeholders at the Commission’s workshop and in written comments recommended the same.

The Commission failed to provide any recommendations even to provide long term certainty under the LCFS, merely pointing to ARB’s process to develop a pilot financial mechanism.

This is probably the single most important policy area where the Commission needed to provide analysis and recommend specific policies or at least lay out options and trade-offs among different policies to provide market certainty. The Commission provided no analysis and no recommendations.

⁷ Id. at pages 3-4 and 29.

⁸ California Air Resources Board, *Short-Lived Climate Pollutant Reduction Strategy*, adopted March 2017, at pages 3-4. Available at: https://www.arb.ca.gov/cc/shortlived/meetings/03142017/final_slcp_report.pdf.

⁹ Draft IEPR at page 294.

BAC strongly urges the Commission to include at least an analysis of the policy options to provide market certainty, the trade-offs and costs of each. Even if the Commission is not ready to recommend one over the other, failing to even address the issue defeats the whole purpose of SB 1383's requirement to recommend policies and incentives that will significantly increase renewable gas production and use.

5. The Draft Fails to Recommend Definitions of Renewable Gas or Biogas.

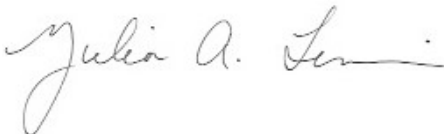
The Draft IEPR acknowledges that existing statutory definitions related to renewable gas may not be consistent or technology neutral, but fails to recommend the correct definitions or even to recommend that the definitions be changed. The following paragraph would be much more helpful if it explicitly recommended correcting the definition in H&S section 25420:

Corrective action can be pursued to define renewable gas eligibility consistently for funding incentives, potential regulations, and policy proceedings, which would provide a level playing field for these conversion pathways. For example, California Health & Safety Code Section 25420 could be amended to include biogas produced from non-combustion thermal conversion of eligible biomass feedstock, which would allow access to the pipeline for renewable gas produced from a pathway other than anaerobic digestion.¹⁰

BAC urges the Commission to recommend changing the definition of pipeline biogas to be consistent with the definition of biogas in the RPS Eligibility Guidebook, which includes both the biogas from anaerobic digestion and the biogas produced through other conversion technologies consistent with Public Resources Code 40106.

For all the reasons above, BAC urges the Commission to add specific policy recommendations to increase renewable gas so that the 2017 IEPR will meet the requirements and the goals of SB 1383. Unfortunately, the Draft IEPR falls far short of the goals of SB 1383 and the recommendations of the *Short-Lived Climate Pollutant Reduction Strategy*.

Sincerely,



Julia A. Levin
Executive Director

¹⁰ Draft IEPR at pages 288-289.