

STATE OF CALIFORNIA
ENERGY RESOURCES
CALIFORNIA ENERGY COMMISSION

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Implementation of Renewables Investment
Plan Legislation
and
Implementation of Renewables Portfolio
Standard Legislation

Docket No. 02-REN-1038
Renewable Energy Program

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RPS Proceeding

**COMMENTS OF BIOENERGY SOLUTIONS, LLC ON GUIDELINE
REVISIONS FOR THE RENEWABLE ENERGY PROGRAM
AND RPS IMPLEMENTATION**

Donald C. Liddell
DOUGLASS & LIDDELL
2928 2nd Avenue
San Diego, California 92103
Telephone: (916) 993-9096
Facsimile: (916) 296-4662
Email: liddell@energyattorney.com

Counsel for
BIOENERGY SOLUTIONS, LLC

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I. INTRODUCTION.

BioEnergy Solutions, LLC (“BioEnergy”)¹ strongly supports the efforts of the California Energy Commission (“CEC”) to revise the CEC’s suite of related Renewable Energy and RPS Guidebooks, and respectfully submits the following post-workshop comments that are specific to the proposed revisions to the Renewables Portfolio Standard (“RPS”) Eligibility Guidebook, Second Edition (“Guidebook”). These comments on the proposed revisions to the Guidebook are focused on only one of the topics considered at the January 10, 2007, Committee Workshop, namely addition of the concept of “RPS eligibility requirement for electricity production from RPS-eligible fuel that is injected into a natural gas transmission pipeline and designated for use at a specific facility.” (Notice of Workshop, Attachment A, page 2). In addition to making a strong statement of support for adoption of the concept in general, and as it will be specifically applied to gaseous emissions produced from the operation of businesses such as dairies and food processors (“Biogas”)², BioEnergy responds in these comments to the list of questions posed in

¹ BioEnergy is in the business of collecting digester gas produced from the operation of businesses such as dairies and food processors in California for sale to operators of natural gas transmission systems.

² “Biogas” is defined as methane, carbon dioxide and associated non-combustible gases in a gaseous state produced by anaerobic digestion, fermentation or gasification of organic matter.

the draft Guidebook, at page 26, and re-stated in Attachment A to the Notice of Workshop that follow below.

“2. Regarding RPS-eligible gas injection into the gas transmission pipeline:

- a. The draft guidebook proposes that Biogas injected into the gas transmission pipeline and converted into electricity be RPS-eligible? Is the proposed methodology for this appropriate?
- b. What published data are available to determine an annual average heat rate for a facility?
- c. What, if any, additional information should the facility operator be required to report on a monthly or annual basis to ensure the facility is only credited for that portion of the generation associated with RPS-eligible fuel?
- d. Should the facility operator be required to report the monthly volume of RPS-eligible fuel supplied to the gas transmission pipeline and the monthly volume of natural gas used at the facility?
- e. What information should the fuel supplier be required to report to the Energy Commission to verify the eligibility of the fuel?”

Finally, as part of these comments, BioEnergy makes a recommendation regarding out-of-state application of the RPS-eligible Biogas pipeline injection concept for consideration by the CEC.

II. ADDITION OF BIOGAS INJECTED INTO NATURAL GAS TRANSMISSION PIPELINES AS RPS-ELIGIBLE FUEL IS A SOUND RPS POLICY DECISION TO HELP MANAGE GREEN HOUSE GAS EMISSIONS.

The proposed draft of the Guidebook begins, at page 25, with the broadcast of questions: “Should biogas injected into the gas transmission pipeline and converted into electricity be RPS-eligible?” (Guidebook, at page 26). This industry stakeholder’s answer is “yes.” The addition of RPS eligibility for electricity production from Biogas that is injected into a natural gas transmission pipeline and designated for burning to produce electricity at a specific facility will provide a unique opportunity for California to simultaneously: (i) reduce a significant source of

green house gas (“GHG”) emissions produced by dairies and other businesses today, (ii) stimulate an increase of the conversion Biogas to RPS-eligible electricity, and (iii) encourage the economic use of an otherwise marginal or un-economic renewable energy resource. Unlike clean technologies that simply do not add to the total volume of GHGs related to production of electricity, the proposed use of Biogas as part of the RPS program has the following additional benefits:

a. Capture of emission of GHGs that otherwise are escaping into the atmosphere by collection and injection into natural gas pipelines.

b. Creation of Renewable Energy Credits (“RECs”) that are needed to allow the electricity generate from burning Biogas to attain potential economic value comparable to what is currently afforded to other renewable technologies such as wind and solar.

c. Allowance of the most efficient and effective conversion of GHGs to kW to maximize the renewable energy produced, instead of relatively inefficient and expensive burning at co-located generation facilities.

By adopting this new concept the CEC will provide an economically viable way for businesses such as dairies and food processors to capture their GHG emissions, and provide California with a highly efficient method of converting them into renewable energy. Maximizing the generation of electricity produced by burning Biogas increases both the intrinsic commodity value and the secondary RPS and REC-related value of the Biogas, encouraging the most efficient and effective use of the Biogas. There are presently no grant, rebate, or other financial incentive programs available in California for Biogas sold directly as a commodity, because all incentives are predicated on the assumption that fuel will be produced and burned and electricity will be generated at the same physical location.

III. IMPLEMENTATION QUESTIONS ARE READILY ANSWERED BY REFERENCE TO EXISTING GENERALLY APPLICABLE HYBRID PROVISIONS OF THE GUIDEBOOK.

A. The Proposed Methodology is Entirely Appropriate.

The CEC is to be commended for proposing a methodology that is easy to understand and ideally suited for its intended purpose. By choosing to, in effect, disregard a previously assumed, but artificial, geographical barrier, or physical gap, the purpose of the RPS Program is

well served in a way that is completely consistent with the letter and spirit of the RPS program legislation. As noted by the staff at page 25 of the draft Guidebook, inclusion as part of an appropriate tracking system, such as the Western Renewable Generation System, is all that is administratively required to make the concept a reality. The remaining CEC Staff questions are appropriately focused on important accounting and verification details, and BioEnergy provides its brief comments on each of them in turn below.

B. The Annual Average Heat Rate Should be That of the Generating Facilities.

The heat rate information that is relevant for tracking purposes should be that of specific designated generating facilities rather than system average figures. This means the best source of useful data should be the generating facilities themselves. The operators of generation facilities should be able to select the particular generator they want to direct the Biogas to based on the best heat rate in order to maximize the electricity generated by burning the purchased Biogas. The greater the amount of electricity, and associated RECs, and the higher the value operators can extract from the Biogas, the more they should be willing to pay for it and thus maximize efficient and effective production.

C. Operators Should be Subject to the Same Reporting Requirements as Other Operators of Hybrid RPS-Eligible Fueled Facilities on an Annual Basis; and Biogas Fuel Suppliers Should be Subject to the Same Attestation Requirements as Other Suppliers of RPS-Eligible Fuel.

The fact that Biogas injected into natural gas transmission pipelines will be commingled with natural gas, a fossil fuel, means that it is one of a class of “hybrids” requiring the same kind of allocation principles and accounting that are already included in the Guidebook for other part-renewable, part-fossil fueled generation facilities that are certified as RPS-eligible by the CEC.

IV. BIOGAS THAT IS PRODUCED OUT OF STATE SHOULD BE RPS-ELIGIBLE IF THERE IS A VERIFIABLE TRANSPORTATION PATH BETWEEN A GENERATION FACILITY OPERATOR AND ITS BIOGAS FUEL SUPPLIER

Biogas that is produced out of state should be RPS-eligible so long as it is injected into one or more natural gas transmission pipelines and burned in a designated generation facility located in California. Biogas producers that can inject Biogas into transmission pipelines that have a verifiable transportation path from a Biogas producer to an operator’s specified generating facility should be afforded treatment comparable to RPS-eligible electricity that is transmitted

over electric transmission lines that are part of the Western Electricity Coordinating Council region. There should be no need to distinguish between direct physical, physical exchange, and financial paths for either Biogas or kW, so long as there is no break in the transportation path that is used for tracking and accounting purposes. If Biogas is accepted by the generation facility operator at the point of injection, this would have the important benefit to the Biogas producer of reducing or eliminating any transportation costs. By treating out-of-state Biogas in the same way as out-of-state electricity, California can increase the total production of renewable energy, and help reduce the total GHG emissions from sources in California and neighboring Western states.

V. CONCLUSION

BioEnergy strongly supports the proposed revisions to the Guidebook to make Biogas injected into natural gas transmission pipelines RPS-eligible. It is also confident that implementation questions be readily answered, and recommends that the same RPS-eligibility principles should apply equally to out-of-state electricity and Biogas. BioEnergy appreciates this opportunity to provide comments to the CEC, and would be pleased to supplement these comments if requested to do so.

Respectfully submitted,



Donald C. Liddell

DOUGLASS & LIDDELL
2928 2nd Avenue
San Diego, California 92103
Telephone: (916) 993-9096
Facsimile: (916) 296-4662
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