

CALIFORNIA WASTEWATER CLIMATE CHANGE GROUP

March 23, 2012

California Energy Commission
Dockets Office, MS-4
Docket No. 02-REN-1038 and Docket No. 11-RPS-01
RPS Proceeding
1516 Ninth Street
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DOCKET	
02-REN-1038	
DATE	MAR 23 2012
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Re: Comments of California Wastewater Climate Change Group on the Notice to Consider Suspension of the RPS Eligibility Guidelines Related to Biomethane Under the RPS Proceeding

The California Energy Commission issued the *Notice to Consider Suspension of the RPS Eligibility Guidelines Related to Biomethane* (Notice) on March 16, 2012 under the CEC RPS Proceeding, Docket Numbers 02-REN-1038 and 11-RPS-01. Notice indicates that the Commission will consider suspending previously adopted Renewable Portfolio Standards (RPS) eligibility guidelines related to biomethane that allow electric generation facilities that use biomethane to generate electricity to be certified as RPS eligible at the March 28, 2012 CEC Business Meeting. The California Wastewater Climate Change Group (CWCCG) respectfully submits the following comments in response to the Notice.

CWCCG represents agencies that treat over 90% of the municipal wastewater in California. Processes used by many agencies to treat wastewater produce useful byproducts such as biosolids and biogas that can be used as a steady and reliable source of fuel for renewable energy production. Wastewater agencies across the state are in the process of developing and implementing such projects, yet the successful completion of these renewable biogas projects depend on the availability of economically viable options for monetization of the biogas resource. These plants are owned and operated by non-profit public agencies that need a high level of economic certainty to justify the investment of public funds that are collected for their services in projects that support the State's RPS program.

California wastewater agencies are uniquely positioned to take advantage of the opportunities that exist for biogas production through anaerobic digestion of organic waste streams at their existing wastewater treatment facilities. The facilities have existing infrastructure that can be utilized for biogas generation with or without anaerobic digestion of additional organic waste streams in an environmentally sound manner. These facilities are already regulated to ensure their performance results in environmental benefits and public safety, utilizing certified staff and proven technological tools. A 2009 Staff Paper

from the California Energy Commission recognizes the significant potential that exists at California wastewater treatment plants to expand biogas resources through co-digestion or different organic waste streams¹. This Staff Paper estimates that the potential for 350 MW of electrical generation capacity is available through co-digestion of high strength organic wastes, such as food and dairy waste, at the existing California wastewater treatment facilities.

The California wastewater agencies are currently working on identifying and implementing new projects to utilize their existing resources for the development of new renewable energy resources, biogas being the central one for this purpose. The City of San Diego's Point Loma Waste Water Treatment Plant is already injecting its excess digester gas in to the San Diego Gas and Electric pipelines for transportation to a total of 4.2 MW of operational fuel cells located at the City's South Bay Water Reclamation Plant and at the University of California, San Diego. The biogas projects that are being planned and implemented by the CWCCG membership are targeted to provide public service and unique benefits to California that align with the State goals, including the following:

- 1) The unique benefits to California that the RPS program, as recently modified by SB X1-2, was designed to achieve, including:
 - a) Displacing fossil fuel consumption within the state through use of in-state resources
 - b) Reducing the greenhouse gases emissions associated with electrical generation and improper waste management
 - c) Meeting the state's need for a diversified and balanced energy generation portfolio. The firming power of biogas generation complements intermittent renewable resources like wind and solar.
- 2) Governor Brown's Clean Energy Jobs Plan Goal of 20,000 MW of renewable energy by 2020
- 3) AB341 goals of diverting 75 percent of municipal solid waste away from the disposal facilities by 2020, and reducing the amount of organics in the waste stream by 50 percent by 2020 by:
 - a) Diverting away the organics fraction (food waste, etc.) in the waste stream to the anaerobic digestion facilities
 - b) Providing controlled management of organic waste stream at the anaerobic digestion facilities, instead of being comingled with other inert wastes

¹ Kulkarni, Pramod. 2009. *Combined Heat and Power Potential at California's Wastewater Treatment Plants*. California Energy Commission. CEC-200-2009-014-SF.

CWCCG believes that notwithstanding the widely accepted benefits of renewable biogas, an open-ended suspension of the RPS eligibility of all pipeline biomethane and making reference to “out-of-state biomethane” and “biogas,” a local resource for California, under the same category would send the wrong message to the industry and result in uncertainty that would most likely halt the efforts on biogas projects. The Notice broadly defines of biomethane as “...biogas, such as landfill gas, digester gas, or gas derived from biomass, that is upgraded or otherwise conditioned so that the gas may be transported offsite to a power plant through the natural gas transportation pipeline system.²” then continues to refer to “biogas” and “biomethane” interchangeably throughout the Notice. This lack of clarity has already caused widespread confusion among the recipients of the Notice. More importantly, lack of such clarity could ultimately cause others to interpret the suspension as if it included other forms of biogas, out-of-state pipeline quality biomethane being one subset of cleaned / treated biogas.

Whatsmore, the Notice gives no indication as to the length of the suspension or how its termination would be determined. CWCCG recommends that clear terms be defined for how the suspension would be lifted, and that the suspension have a definite term of expiration, after which time any extension of the suspension would be reconsidered by the Commission and open to a new hearing and comment period. CWCCG proposes that the length of the suspension be limited to one year. This should be adequate time for the Commission and/or the Legislature to act to clarify eligibility conditions for pipeline biomethane.

CWCCG also strongly believes that the clarification of the intent and the affected renewable methane projects in an explicit manner, i.e.; pipeline quality biomethane and not other forms of biogas that are approved for RPS eligibility in the Renewables Portfolio Standard Eligibility Guidebook, Fourth Edition (*RPS Guidebook*) is urgently needed. The February 22, 2012 letter from the Legislature that requested the suspension specifically requests that the Commission “place a moratorium on permitting any additional pipeline biomethane transactions to be credited toward RPS compliance obligations.” Other forms of California based biogas that should be explicitly excluded from the suspension include biogas that is used to generate electricity at the site of the fuel production or biomethane used at other sites for electricity production that do not have PRS compliance obligations and biogas that is delivered to an electricity generating facility either by fuel container or a dedicated pipeline.

² P.2. Notice to Consider Suspension of the RPS Eligibility Guidelines Related to Biomethane. CEC RPS Proceeding. March 16,2012.

CWCCG understands the concerns expressed by the Commission and appreciates this opportunity to provide comments on the proposed suspension. CWCCG, however, respectfully urges the Commission to clarify that the suspension does not include other forms of biogas that are approved for RPS eligibility in the RPS guidebook, with term limits placed on the suspension, to enable the California wastewater agencies and others to continue the development of biogas resources within California contributing to the goals and purposes of the RPS program and a variety of State environmental goals.

Please contact me if you have any questions at (714) 435-6145, or at zerdal@ch2m.com.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Zeynep Erdal', with a stylized flourish at the end.

Zeynep Erdal, PhD, PE
Program Manager
California Wastewater Climate Change Group