

**Joint Comments of the Center for Energy Efficiency and Renewable Technologies,
Sierra Club California, California Wind Energy Association, and the Large-Scale Solar
Association on the California Energy Commission’s Notice to Consider Suspension of
the RPS Eligibility Guidelines Related to Biomethane**

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Submitted by:

Danielle Osborn Mills
Policy Director
Center for Energy Efficiency and Renewable
Technologies
1100 11th Street, Suite 311
Sacramento, CA 95814
danielle@ceert.org

Jim Metropulos
Senior Advocate
Sierra Club California
801 K Street, Suite 2700
Sacramento, CA 95814
jim.metropulos@sierraclub.org

Nancy Rader
Executive Director
California Wind Energy Association
2560 Ninth Street, Suite 213-A
Berkeley, CA 94710
www.calwea.org

Shannon Eddy
Executive Director
Large-scale Solar Association
2501 Portola Way
Sacramento, CA 95818
shannon@consciousventuresgroup.com

The Center for Energy Efficiency and Renewable Technologies (CEERT), Sierra Club California, California Wind Energy Association (CalWEA), and Large-Scale Solar Association (LSA) strongly support the California Energy Commission’s (CEC’s) Notice to Consider Suspension of the RPS Eligibility Guidelines Related to Biomethane. This step is appropriate given the CEC’s own evaluation of this issue “to ensure the intended benefits of SBX1-2, the 33% RPS, are realized,”¹ as well as the Legislature’s “desire to clarify the RPS-eligibility of biomethane.”²

The parties listed above have raised numerous concerns with the treatment of pipeline biomethane as an RPS-eligible fuel source without consideration of the biomethane’s physical deliverability, and today, we continue to urge the CEC to suspend the RPS Eligibility Guidelines related to biomethane in order apply the same guiding framework provided for renewable electricity under SBX1-2 to biomethane resources. In a letter to

¹ Docket Nos. 11-RPS-01/02-REN-1038, Notice to Consider Suspension of the RPS Eligibility Guidelines Related to Biomethane (“Notice”), at p. 1.

² *Id.*, at p. 3; Attachment A, at pp. 1-2.

the CEC submitted on January 20, 2011, a number of the parties listed above (CEERT, LSA, and Sierra Club California, along with the Solar Energy Industry Association, Union of Concerned Scientists and The Utility Reform Network) outlined the following concerns with regard to pipeline biomethane.

- No national tracking system for pipeline biomethane exists; nor does a registry to prevent double counting of the associated greenhouse gas (GHG) attributes.
- Given the physical flow of the pipeline system, it is unlikely, if not impossible, that landfill gas from the Eastern 3/5 of the country can deliver biomethane to California via pipeline.
- Many of the sources of pipeline biomethane do not displace fossil fuels within the natural gas supply basins that serve the California market. Absent physical displacement, there is no reduction in the amount of fossil fuels used by California utilities.
- Some pipeline biomethane transactions are sourced from landfills with pre-existing methane capture facilities. These deals are not stimulating new methane capture, new investments or any incremental environmental benefits.
- The use of pipeline biomethane does not necessarily result in net emissions reductions of either GHGs or criteria air pollutants in California.
- Pipeline biomethane transactions are not guaranteed to create new generating capacity.

Given this information, and the enactment of SBX1-2, which creates portfolio content categories for RPS procurement that, as the notice states “establish a preference for electricity generation that provides more environmental benefits to the state by displacing in-state fossil fuel consumption, reducing air pollution within the state, and helping the state meet its climate change goals by reducing emissions of greenhouse gases (GHG) associated with electrical generation,” we believe that a suspension of these resources is necessary to allow the CEC and the legislature to take the following actions:

1. Assess the prevalence in POU procurement plans of contracts that cannot physically deliver biomethane via pipeline to California, including what fraction of recently executed transactions include biomethane from projects with pre-existing capture and/or pipeline injection capability.
2. Quantify the value of any pipeline biomethane contracts that cannot physically deliver via pipeline to California and work with the California Air Resources Board to investigate whether GHG attributes associated with these transactions may be subject to double counting.
3. Bring the various types of pipeline biomethane transactions in line with the framework provided for renewable electricity resources under SBX1-2.

Finally, as the CEC considers this suspension, the parties listed above would like to reiterate our concerns with the impact that the CEC’s existing guidelines including biomethane as an RPS eligible fuel have on RPS compliance. Under existing guidelines,

utilities are allowed to procure biomethane from parts of the country that cannot physically deliver to California and use these resources toward their requirement to procure resources from portfolio content category 1, which must account for at least 50% of each retail sellers' portfolio 2013, 65% from 2014-2016, and 75% from 2017-2020. At the same time, the use of unbundled Renewable Energy Credits (RECs) for compliance is restricted to 25% through 2013, 15% from 2014-2016, and 10% from 2017 to 2020. We remain concerned that many, if not all of the *undelivered* pipeline biomethane contracts provide fewer environmental and economic benefits to the state of California than unbundled RECs, yet they are treated as priority, category 1 resources.

This outcome is clearly at odds with the intent of the 33% RPS law. The CEC and Legislature must, therefore, find a way to treat these resources in a manner that reflects the need for emissions reductions, economic benefits, and value to California ratepayers.