

Item #17
June 29, 2011
Energy Commission Business Meeting

CR&R, Inc.

Grant Agreement ARV-10-052
for
Municipal Solid Waste to Biomethane Project

Summary

This project was one of five projects selected under PON-09-003, Biomethane Production for Transportation, which provided \$26 million in funding to produce renewable natural gas for transportation fuel.

CR&R, Inc., a large waste and recycling firm will construct, own, and operate a 50,000 ton per year facility to be located at the Perris Material Recovery and Transfer Station in Riverside County. The proposed facility will receive mixed municipal solid waste (MSW) that will have already been sorted for recyclables from Orange County and will process the waste via anaerobic digestion to produce biogas. Purac technology will clean the biogas, which will then be injected into natural gas pipelines or converted onsite to a transportation fuel. Originally the project would have produced electricity earning a federal tax credit, however, California Energy Commission funds are being pursued to produce biomethane for transportation. Byproducts will include the recovery of recyclables and a digestate product.

The Energy Commission is providing \$4,520,501 in Alternative and Renewable Fuel and Vehicle Technology Program funds and the project team will provide \$18,166,460 in match funds.

Benefits

CR&R, Inc. estimates that the project will use 50,000 tons of waste per year to produce 120,000 MMBTUS of biomethane annually. This will displace the equivalent of 865,000 gallons of diesel, enough to power 60 to 80 heavy duty trash recycling trucks while reducing an estimated 57,740 tons of carbon dioxide between 2013 and 2020. The project will also create 100 construction jobs and 8 permanent facility/operation jobs.

Participants

CR&R, Inc. is a large waste and recycling firm serving 2.5 million customers and forty municipalities in Southern California. CR&R has five years of operating experience

using liquefied natural gas (LNG) to fuel 100 trucks operating out of its San Juan Capistrano, California facility.

Purac of Sweden is a leading global supplier of the LP-Cooab biogas upgrading technology that will be used at the biogas facility. This technology produces very high quality biomethane that fulfils all technical quality requirements for vehicle fuel or direct injection into the natural gas pipeline grid.

Shell Energy North America and its subsidiaries are leading providers of natural gas, power and environmental products, marketing and trading, comprehensive risk management products, and asset and supply management services.

Other project partners include Siemens, Camp Dresser McKee, and CalStart.

Implementation Schedule

The recipient anticipates that the project, if approved by the Commission after it completes an independent review of the relevant environmental documents, will be completed in approximately 18 months.

CEQA

The Chief Counsel's Office has reviewed this project to determine what level of environmental review is necessary under the California Environmental Quality Act (CEQA). The City of Perris is the local lead agency, and it is currently conducting an environmental review of the project, having prepared an initial study and considering a mitigated negative declaration. The Energy Commission is acting as a responsible agency under CEQA. Perris has not yet completed drafting its environmental documents and may seek further review of the project.

The Chief Counsel's Office recommends allowing pre-CEQA design work to begin on the project to allow a successful environmental review. This work has no possibility of affecting the environment, and will involve only a limited expenditure of funds. The Chief Counsel's Office further recommends that the Commission retain its discretion to modify the project, to evaluate alternatives (if appropriate), to retain the status quo (if appropriate), or to disapprove the project should the environmental impacts outweigh the benefits or if the lead agency's environmental analysis is incomplete.

After Perris completes its environmental review, the Commission will conduct its own independent review of the environmental document in its role as a responsible agency. Upon completing its review, the project and environmental documents will be returned to a Business Meeting for the Commission to make relevant findings and determine whether to approve or disapprove the project.