

# Comments of the Green Power Institute

Docket No. 03-RPS-1078

Implementation of Renewables Portfolio Standard Legislation

Phase 1: Incremental Geothermal, Out of State Power, Definitional Issues

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Respectfully Submitted by:

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## **Incremental Geothermal**

It is the opinion of the Green Power Institute (GPI) that the incremental geothermal issue is a piece of the larger issue of setting renewable baselines for electricity providers subject to the legislative goals of SB 1078. Properly set baselines, which should allocate all of the renewable electricity produced in California in 2001 and sold to California customers, might render some of the issues concerning incremental geothermal mute.

On the narrower issue of historical production trends for geothermal, there was considerable discussion at the March 25<sup>th</sup> workshop about how many years of historical production data should be used in the determinations. Geothermal resources show a good deal of variability from field to field, and the existence of historical data is also site dependent. The GPI believes that it is better to get it right than to limit a determination with arbitrary rules, and that therefore the amount of historical data that should be considered should be determined on a case-by-case basis, using CEC expertise, and independent experts, as appropriate.

## **Biomass**

SB 1038 defines eligibility criteria for the fuel to be used by new biomass generators that receive SEP funds through the CEC's new renewables program. The GPI maintains a detailed database on biomass fuel use in California, and has done so for more than a decade. To our knowledge, although these regulations (§ 383.5(d)(6)) have never applied to the existing fleet of facilities, all of the biomass fuel that has been used for power

production in California over the past decade or longer would be deemed qualifying under these rules.

The reason that all of the biomass fuel used in California conforms to § 383.5(d)(6) despite the fact that there is no requirement to do so is basic economics. Energy is the lowest valued use for biomass resources. Higher-valued biomass, which is the type of material that § 383.5(d)(6) is aimed at, is simply too expensive to produce, and too valuable, to be a reasonable candidate for biomass fuel.

§383.5(d)(6) subsections (A) and (B) provide that all types of agricultural materials (crops, residues, and wastes), and a variety of listed solid wastes, are all qualified biomass fuels. §383.5(d)(6)(C) places limits on the types of wood and wood wastes not included in (A) and (B) that can qualify. Subsections (i) and (iii) impose requirements on wood harvesting and transportation that are already in effect in the state, under other jurisdictions. Subsection (ii) provides that qualified fuels must be “harvested for purposes of forest fire fuel reduction or forest stand improvement.” This is the only truly new restriction that is created by SB 1038, and would apply to new biomass generators but not to existing generators.

Subsection (ii) pertains to the category of in-forest fuels. Two different kinds of in-forest fuels used in the state, harvesting residues, and residues from forest thinning or clean-up operations. By definition, the collection and removal of harvesting residues is performed for purposes of site cleanup and fire risk reduction, so harvesting residues must be considered qualified fuels by the statute. Similarly, biomass that is removed during thinning or other timber stand improvement operations is automatically qualified under the statute. In most cases the price paid by the power plants for in-forest fuels does not fully cover the cost of producing those fuels. This is the reason that the state is so far behind in performing the fire prevention treatments that fire officials deem needed, and it is the reason that the USFS has finally recognized that it will have to help to underwrite the cost of thinning if it is going to happen on the scale that is desirable. All of this is to say that it is simply too expensive to harvest, process, and deliver wood as a power plant fuel, unless the harvesting is carried out for the benefit of the forest, which makes it qualifying fuel by definition under §383.5(d)(6)(C)(ii).

In view of these facts, it is the strong recommendation of the GPI that the CEC allow new biomass power plants that are applying for SEP funds to self-certify that they are using only qualifying fuels, and that they are requiring all of their suppliers to comply with all applicable regulations, including §383.5(d)(6). Imposing a more expensive regulatory system would needlessly increase biomass power production costs, and biomass power production is already one of the most expensive of the renewable options. It also provides valuable waste disposal services that other renewables do not provide, so it is particularly important to avoid driving its price up unnecessarily.