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RE: RPS Proceeding Comments Docket Numbers 02-REN-1038 and 03-RPS-1078

HMI Energy thanks the California Energy Commission (CEC) for this opportunity to comment on proposed changes to the Renewable Portfolio Standard Eligibility Guidebook (RPS Guidebook) and the Overall Program Guidebook for the Renewable Energy Program (Overall Guidebook). Specifically regarding, "attempting to clarify the RPS eligibility requirements for biogas," HMI Energy strongly suggests that the CEC need not consider further restrictions on production locations or use of storage facilities for Renewable Natural Gas, or biomethane, as defined below. Further restrictions would hinder development of biogas-derived natural gas resources to be used in meeting California RPS goals and are not necessary to uphold the integrity of the RPS system.

Biogas, as produced, is typically not of adequate quality to be injected into commercial natural gas pipeline systems and sophisticated processing, similar to that used in the natural gas industry, is employed to condition the gas to meet all pipeline quality specifications. Once upgraded, the gas is considered interchangeable with traditional natural gas and is more appropriately referred to as Renewable Natural Gas, or biomethane. In this sense, it is not believed that biomethane should be treated differently than natural gas or lose RPS eligibility simply through the act of transporting or storing it in the system.

Similarly, while the physical molecules of biomethane that are produced outside of California may or may not find their way to the designated RPS eligible generation facility within state borders, the generation facility must legally contract for gas on a displacement basis and the system in place for this adequately ensures that biomethane used for generation of RECs is verifiable and satisfies RPS integrity requirements.

HMI Energy is a joint-development company recently formed between Homeland Renewable Energy, Inc and Microgy, Inc., that is focused on developing biogas and biomethane resources using advanced anaerobic digestion technology. The HMI Energy team includes leading industry experts representing more than 25 years combined experience in developing and operating large scale anaerobic digester projects in the U.S., including three facilities in WI capable of producing over 2300KW of base-load electrical power, and a large facility in TX capable of producing 635,000MMbtu/year of Renewable Natural Gas. This facility, as commented by Mr. Daniel Patry of PG&E during the CEC Staff Workshop conducted on August 30th, is currently the only large scale, reliable, anaerobic digestion facility successfully supplying Renewable Natural Gas to PG&E.

Thank you again for the opportunity to comment and we look forward to further development of facilities, in and out of California, capable of supporting California's renewable portfolio goals.

Sincerely,

Michael J. Casper

Michael Casper
Project Development Manager