Montauk® energy capital

Martin L. Ryan
Vice President and General Counsel
Email: mryan@montaukenergy.com
Phone: (412) 747-8718
Fax: (412) 542-1577

September 9, 2010

DOCKET
03-RPS-1078
DATE SEP 09 2010
RECD. SEP 09 2010

VIA FEDERAL EXPRESS
California Energy Commission
Dockets Office, MS-4
RPS Proceedings
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket No. 03-RPS-1078 & Docket No. 02-REN-1038; RPS Proceeding

Dear Commissioners:

Montauk Energy Capital, LLC (**"Montauk"**) appreciates the opportunity to provide its comments to the August 2010 proposed draft of the Renewable Portfolio Standard Eligibility Guidebook (the **"Guidebook"**) prepared by staff of the California Energy Commission (the **"Commission"**) on which comments have been requested in connection with docket numbers 02-REN-1038 and 03-RPS-1078. Based in Pittsburgh, PA, Montauk is one of the largest landfill gas developers in the United States and manages electric and high-Btu landfill gas operations across the United States. Montauk, on an annual basis, produces 7.9 million MWh and processes 2.4 million decatherms of raw landfill gas into pipeline quality natural gas, with an additional 40MW of power projects in various stages of development within the United States.

Montauk strongly supports the comments provided by Cambrian Energy Development LLC by letter dated August 29, 2010 and believes it thoroughly addresses the issues and sets forth the position shared by Montauk and other developers in the landfill gas industry.

Montauk urges the Commission to not consider further restricting the location of eligible biogas based upon its more than 25 years of experience in the development of over 30 successful projects in landfill gas-to-energy using virtually all of the technologies available to convert landfill gas to a higher form of energy, including 4 landfill gas-to-pipeline biogas projects. Our position is also based on our direct knowledge of the current marketplace conditions regarding landfill gas-derived biogas projects in the United States, since Montauk is a participant in a national study of landfill gas-to-pipeline quality projects being funded by participants in the landfill gas industry as well as some of the largest national natural gas pipeline companies.

Based on market knowledge as a result of marketing green gas to ultimate customers located in California, we are certainly aware that having access to biogas injected into pipelines

to efficiently produce renewable electric power is being aggressively pursued by California utilities, co-ops and municipalities.

Montauk believes that there should be no disallowance or restrictions on the use of storage facilities in the delivery of biogas to an RPS-eligible biogas electricity generating facility.

Montauk believes there should be no different treatment of the use of natural gas storage facilities to store biogas than the transportation of biogas through a natural gas pipeline system. Any barrier that would inhibit the beneficial use of biogas in California would be detrimental to the objectives of California utilities to meet their RPS requirements and would place additional barriers to the already significant barriers that have restricted development of more biogas projects in the United States.

Montauk recommends that the Commission amend Article II B. 2 of the Guidebook to include an alternative means of delivering or transporting biogas from the location of its production (likely a region outside of the WECC region) to either California or to a location within the WECC region. This alternative means of transportation is an "exchange" of gas, which is a method that is specifically approved by the Federal Energy Regulatory Commission and is commonly used in the natural gas industry.

If there are any questions about any of the matters set forth herein, I would be happy to answer those questions by e-mail or by telephone. Thank you for your consideration of these comments and those set forth in Cambrian's letter.

Very truly yours,

Martin L. Ryan