CAMBRIAN ENERGY

CAMBRIAN ENERGY MANAGEMENT LLC

One Wilshire Building, Suite • 2425
624 South Grand Avenue, Los Angeles, California 90017-3325
(213) 628-8312
Fax (213) 488-9890

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March 23, 2012

Chairman Robert B. Weisenmiller, Ph.D.
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

Re: RPS Proceeding, Docket Numbers 11-RPS-01 and 02-REN-1038: Notice to Consider Suspension of Renewable Portfolio Standard (RPS) Eligibility Guidelines Related to Biomethane

Dear Chairman Weisenmiller and Commissioners:

Cambrian Energy is headquartered in Los Angeles, California. For the past 32 years our company has been a leading developer of landfill gas-to-energy projects in the United States, including 18 projects in the State of California. Our company has developed three (3) projects in which landfill gas is processed to pipeline quality standards to become renewable natural gas (or biomethane). It is our belief that due to the increasingly stringent air emissions requirements for onsite conversion of landfill gas to electric power in California, the production of renewable natural gas using very low emission profile technologies will be the only means by which California's valuable landfill gas resource may be fully utilized by conversion to a low-cost, environmentally valuable fuel that may then be used to by utilities or other load serving entities to produce low-cost renewable electric power.

Since the time we developed our first projects in California in the early 1980's, landfill gas has been continuously regarded by both the State of California and the federal government as a valuable, eligible renewable energy resource. Renewable natural gas (i) has the lowest carbon footprint of any renewable resource, (ii) is a continuous base-load fuel that can be stored and dispatched, (iii) results in the production of the lowest cost renewable electric power of any renewable energy resource, and (iv) is complementary to the more prevalent, intermittent renewable electric power technologies of wind and solar in that renewable natural gas can displace fossil fuel natural gas to produce renewable electric power that can be used to provide the dispatchable electric power needed to balance the electric power grid when electricity from intermittent wind or solar resources are introduced to that grid.

On September 20, 2011 a representative of the Coalition For Renewable Natural Gas ("RNG Coalition") served on an RPS panel during the California Energy Commission's ("CEC" or "Commission") public workshop. The RPS panelists were invited to address both Commission staff and stakeholder questions on the treatment of biomethane in the

RPS Proceeding, Docket Numbers 02-REN-1038 and 11-RPS-01. The diverse RNG Coalition membership remains committed to a successful California RPS program.

As a participating member of the RNG Coalition, Cambrian Energy hereby respectfully submits these comments out of significant concern over the CEC's proposed consideration of a suspension of biomethane RPS-eligibility. It is particularly troubling that the Commission chose to make public an original letter signed by four State legislators on February 22nd requesting such a moratorium, while the CEC has not yet made public a letter opposing the same moratorium by nine other members of both the California State Senate and Assembly.

Furthermore, in light of overwhelming majority public support of maintaining RPS eligibility for biomethane as originally designed, we are concerned with both the tenor of the CEC's notice and the shortness of the public notice and comment period given to rebut a presumed outcome of indefinite suspension. The CEC seems to have already concluded, without appropriate administrative review and comment on the weight of evidence in favor of continued RPS-eligibility, that it will approve the requested moratorium. Such hasty action would be without justification or explanation and would usurp the actions now being undertaken and more appropriately left to the Legislature.

A moratorium is fundamentally unwarranted both procedurally and scientifically, and would have a dramatic and adverse effect upon green jobs in the renewable natural gas industry. It would hamper efforts to develop productive and environmentally beneficial waste-to-energy projects in California, inhibit municipal utilities' ability to cost-effectively achieve the State's 33% RPS goals, and harm our industries' overall ability to enter into and or service contracts that guarantee stable and cost-efficient rates for California's electric ratepayers and consumers.

The foregoing notwithstanding, Cambrian Energy concurs with the RNG Coalition and agrees that pipeline fuels such as biomethane deserve careful review and thoughtful consideration within the requirements and objectives of the State's RPS. For this reason we are supporting the RNG Coalition in its working with the Legislature, along with California's utilities and other load serving entities, organized labor and environmental advocates to craft the best possible related legislation and potential public policy.

Moreover, we support the goal of expanding processes to provide demonstrable environmental benefits in California, whether by achieving additionality in the context of Greenhouse Gas (GHG) emissions reductions or avoidance or the creation of a more accurate national accounting system to prevent double counting of the real benefits accruing from biomethane transactions.

However, under any plain reading of SB 2-1X, the legislation does not contain nor justify any interpretation that there is a clear or direct authorization for the Commission to change the existing treatment of biomethane as an eligible fuel source for RPS purposes. In fact, the scientific evidence, if appropriately reviewed and accounted for, would demonstrate the exact opposite conclusion.

While the well-documented benefits of biomethane are many, including as a base-load power that complements intermittent resources like wind and solar, decreases dependence upon fossil fuel natural gas, and advances the goals of AB 32 as an ultra-

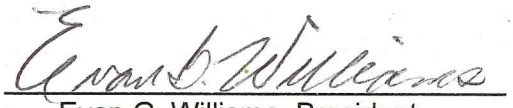
low carbon transportation fuel, the relative quantity of available biomethane is minimal. At the September 20, 2011 hearing, a representative of Shell Energy North America (US), L.P., a major gas marketing firm, testified that Shell Energy concluded from its survey of all potential landfill gas-to-renewable natural gas projects in the United States that if all of such projects were developed (an unlikely event for a variety of reasons) and all of the resulting renewable natural gas were transported through natural gas pipelines to California for the conversion to renewable electric power in California certified generating stations, an estimated maximum of only 250 megawatts of renewable electric power could be produced. That capacity is equal to that of a medium-sized wind project. As such, the existing eligibility of biomethane should not be altered by special interests unnecessarily concerned with the presence of a low-cost competitor in the renewable energy sector.

A request for a moratorium at this point undermines (or in fact ignores) the value of the information gathered by the Commission from stakeholders throughout the public hearing process and the legislative process already underway. We are aware of and are monitoring at least two legislative measures that have been introduced to address these very issues. As such, we request that the Commission maintain the existing rules and defer to the Legislature for action to further clarify future RPS eligibility conditions for biomethane.

Respectfully, Cambrian Energy, as a participating member of the RNG Coalition, respectfully asks that the Commission dismiss the request for an immediate, unilateral moratorium on certification of any biomethane transactions, and allow the legislative body and Administration to jointly effect any necessary changes to the existing statute regarding the treatment of biomethane produced in and out-of-state for RPS compliance purposes. In the alternative, we request the immediate establishment of a dedicated hearing to enable all facts and substantive evidence to be provided.

Sincerely,

Cambrian Energy Management, LLC

By 
Evan G. Williams, President

Cc: Carla Peterman, Commissioner
Karen Douglas, Commissioner
Darrell Steinberg, Senate President Pro Tempore
John A. Perez, Speaker of the Assembly
Gareth Elliott, Legislative Affairs Secretary, Office of the Governor