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02-REN-1038
DOCKET
11-RPS-01
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March 22, 2012

Mr. Robert B. Weisenmiller, Ph.D.
Chairman
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

Subject: RPS Proceeding, Docket Numbers 02-REN-1038 and 11-RPS-01; notice to Consider Suspension of RPS Eligibility Guidelines Related to Biomethane

Dear Chairman Weisenmiller:

We are deeply concerned after reviewing the Commission's Notice to Consider Suspension of the RPS Eligibility Guidelines Related to Biomethane. The wholesale moratorium proposed by the CEC will immediately and negatively impact the prospects for new projects, investment and increased employment in California's emerging biogas industry. These are projects which clearly meet the current requirements of the RPS and whose attributes are quantifiable and verifiable under the SB X1-2 requirements.

SUMA America Inc. is actively working on one bio-methanization Project in California and we have over three dozen other potential projects in North America that equate to over $2.0 million in revenue for SUMA. The development of the anaerobic digestion, biogas and biomethane industry is critical to the success of California's Energy independence initiatives as well as the other 49 States.

Over the past year, SUMA America, through the American Biogas Council, has participated in active dialogue and debate with numerous stakeholders on the eligibility of biomethane in California's Renewable Portfolio Standard (RPS). We understand the different sides of the related issues and California's interest in supporting California businesses and encouraging the use of renewable energy.

The technology to produce biogas from organic waste and upgrade it to biomethane is well known and mature. In fact, SUMA has been in the bio-methanization equipment business for over 55 years and we are actively involved in a waste to pipeline quality biogas project in Quebec Canada. This project is saving the City of St. Hyacinthe $1.4 million in annual landfill costs for storing waste activated sludge and in the second phase of the project will produce 4-5 million cubic meters of pipeline quality gas.

What you need to understand is that this is one project that took three years and is still not complete. There aren't thousands of projects competing for the opportunity to sell pipeline quality gas. This is one city that had the vision to try reclaiming its waste and producing revenue.

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We would love to tell you that the biomethane industry is so strong that we can weather a multi-month disruption of project development, but that is not the case. One cannot simply press the pause button on multi-million dollar projects underway in California while the Commission debates this topic. Doing so will stop the related economic development in its tracks and companies will be forced to immediately move elsewhere to develop new work. While there is significant potential for California to develop new biomethane projects that create renewable natural gas to make clean electricity or vehicular fuel (see table below), California is not the only state with their set of challenges. All states are struggling to move the biogas industry forward in the most expeditious manner possible. The California economy will suffer and California will lose the smartest way to convert organic waste into base load renewable electricity, a renewable substitute for natural gas and vehicular fuels.

Biomethane projects are being developed in a variety of sectors because they enable companies to improve their sustainability and competitiveness. SUMA America is actively working in 11 states, including California, on bio-methanization projects which require investment levels ranging from $1 million to tens of millions of dollars and more. It is notable that many of these projects are being developed by new companies because the industry is only now gearing up.

The CEC's proposed action will stop economic development for all projects, large and small, that are currently California's #1 way to convert agricultural and food waste, wastewater sludge and the organic part of any waste stream into useful, renewable energy and a host of other benefits. The benefits include reduced runoff, reduced methane emissions, nutrient rich fertilizer, and 4 times more jobs created compared to burying the waste instead. The California agricultural sector, which includes the largest dairy industry of any state, stands to benefit from biomethane project expansion because of increased sustainability through improved manure management.

Table. 1 Current and Potential Biogas Projects in the U.S. and California

	Current Projects		Potential Additional Projects	
	US	CA	US	CA
Agriculture	176	11	8,200	1,000+**
Wastewater	250	55	3,250	190
Landfill/Urban Waste	582	85	507	33

** We don't have an exact number yet, but the dairy industry in California, as you know, is huge. The manure from dairy cows (and other types of farms) could be turned into biomethane.

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In addition, please consider the impacts this action will have on the California renewable energy industry. What will this action do to investor confidence, when others realize that the Commission is willing to disrupt the contractual rights of the private market with little regard for the impact the proposed action will have on developing renewable energy projects? This sets the stage for future difficulties as industry works to meet the goals of the RPS.

We believe we share the Energy Commission's desire to see California regain its place as one of the strongest and most competitive economic forces in the world. Pairing biomethane technology with the large organic waste resources in California can play a major role in rural and urban economic growth and environmental sustainability. Private investors and businesses are working closely with cities, counties and the State to create jobs and better incomes while protecting the environment will not help.

The proposed wholesale moratorium is bad for California, bad for the State's economy and bad for the environment. We already know from the reactions we've seen so far that the unintended consequences of this proposed action will be severe and extremely negative to companies creating economic growth in California. We strongly urge you to reconsider this moratorium and keep California biomethane businesses in business.

Sincerely,

Christie Allen

International Business Development Manager

SUMA America Inc.

CC:

Carla Peterman, Commissioner
Karen Douglas, Commissioner
Steven Bradford, Assembly member, 51st District
Wesley Chesbro, Assembly member, 1st District
Nancy Skinner, Assembly member, 14th District
Darrell Steinberg, Senate President Pro Tempore
John A. Perez, Speaker of the Assembly