San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

HEALTHY AIR LIVING™

March 22, 2012

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11-RPS-1
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California Energy Commission
Dockets Office, MS-4
RPS Proceeding
1516 Ninth Street
Sacramento, CA 95814-5512

And via email: docket@energy.state.ca.us

Re: Docket No. 11-RPS-01 and Docket No. 02-REN-1038

The San Joaquin Valley Air Pollution Control District is concerned that the proposed suspension of RPS eligibility for pipeline injected biogas will result in a de facto ban on future biogas pipeline injection projects, resulting in unintended consequences that may seriously impact the health of residents and businesses in the San Joaquin Valley, contrary to the intent and plain language of Senate Bill X1-2.

The considerable political and societal impetus behind capturing biogas from dairies and putting it to beneficial use are being acted on in the San Joaquin Valley. For the past few years, we have seen an ever-increasing interest in two main possible uses of biogas from dairies: pipeline injection of the gas, or burning it on-site to produce electricity. The San Joaquin Valley Air District is supportive of both of these uses, but on-farm power generation, even at its cleanest, does produce significant amounts of air pollution, far more per megawatt than large commercial power plants, while pipeline injection does not. The most notable pollutants from on-farm power generation are nitrogen oxides (NOx). NOx is the prime component of the San Joaquin Valley's summertime ozone (smog) problem, as well as a main constituent to its wintertime particulate pollution problem.

The San Joaquin Valley's effort to achieve clean air has been demonstrated to depend almost entirely on large reductions in existing NOx emissions. On the other hand, the potential for dairy biogas is so large that, if it is fully developed by using engines to produce power, the resulting increases in NOx emissions will have a significant impact on our ability to clean up the air for the people that live in the San Joaquin Valley. For those interested in the numbers, there could be

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an increase in NOx emissions of between 1.5 and 5 tons per day, depending on the NOx controls employed. Our 2007 clean-air plan projected the ability to reduce only 8 tons per day of NOx emissions, total, after passing ALL feasible NOx reduction regulations possible for ALL permitted sources in the Valley.

In other words, the potential increases in NOx just from dairy digesters operating small power generators in the San Joaquin Valley may effectively wipe out a significant percentage of the reductions in NOx that we can expect from all other stationary sources, from small mom-and-pop gas stations and auto body shops to the largest refineries and power plants.

It may not be obvious, but pipeline injection does NOT have the same impact on air quality as on-farm power-generation. The pipeline-injected gas is eventually burned, but it is just displacing natural gas consumption, so there are no increased emissions, and therefore, of the two options discussed here, pipeline injection is our preferred beneficial use of dairy digester biogas.

Unfortunately, a suspension in the ability to use dairy biogas in the RPS program will likely mean that <u>all</u> dairy digester projects will be on-farm power projects, and there will be no pipeline injection projects, resulting in new NOx emissions in the San Joaquin Valley when the valley actually needs large <u>reductions</u> in NOx emissions to achieve clean air for Valley residents.

However, the implications of this decision go beyond the ongoing public health impacts of air pollution in the San Joaquin Valley and the multi-billion dollar annual price tag that comes with them. To the extent that our planned NOx reductions are negated by a new source of NOx emissions, as discussed above, we are obligated by federal law to find equal NOx reductions from somewhere else. That means passing even more stringent, more expensive regulations on the existing businesses in the valley, and they have already been paying at least their fair share to clean up the valley's pollution, for the past thirty years. That turnip is pretty well-squeezed – there are no longer significant numbers of readily available and economically viable industrial NOx emissions reductions to be found in the San Joaquin Valley.

Our concern is that the decisions the CEC is making under the referenced dockets may very well shut the door on in-state biogas injection, resulting in a serious impact on the health of the residents and the businesses of the San Joaquin Valley. This result is clearly contrary to the intent and plain language of SB X1-2, and is serious enough to overcome the concerns about continuing to allow out-of-state biogas into the RPS.

We therefore respectfully request the Commission to reject this broad brush proposal to suspend the current RPS biomethane guidelines, and instead work to

develop biogas pipeline injection RPS approval criteria that more directly address the genesis of this regulatory effort, namely the specific concerns related to RPS verifiability and enforceability related to various sources of biogas.

Sincerely,

David Warner
Director of Permit Services