



5780 Fleet Street, Suite 310
Carlsbad, California 92008
USA

Tel: 760-436-8870 FAX: 760-448-6847

March 22nd, 2012

California Energy Commission
Dockets Office, MS-4

Re: Docket No 11-RPS-01

and

Docket No. 02-REN-1038

RPS Proceeding
1516 Ninth Street
Sacramento, CA 95814-5512

DOCKET

11-RPS-01

DATE MAR 22 2012

RECD. MAR 22 2012

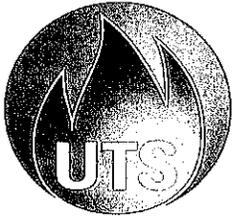
Dear Chairman Weisenmiller and Commissioners:

UTS BioEnergy (UTS) respectfully submit these comments in regards to the Energy Commission's consideration for suspending the eligibility for Renewable Portfolio Standards (RPS) if the facilities use biomethane to generate electricity.

We believe that the current RPS Guidebook should remain in effect while the legislature debates and acts to clarify rules pertaining to biomethane and the California RPS. Placing a moratorium on biomethane during this time puts this emerging renewable at a distinct disadvantage to other renewable resources, such as wind and solar, that will continue to contract with utilities for their RPS obligations.

We are particularly concerned that the Commission chose to make public an original letter signed by four State Legislators dated February 22nd requesting a moratorium, while the CEC has not yet made public a letter opposing the same moratorium by nine other members of both the State Senate and Assembly. Clearly this is an issue that the legislature should have the opportunity to debate and perform their function of carefully crafting legislation that will protect California ratepayers.

Pipeline delivery of gas is by far the most economical delivery method to provide biomethane to certified power plants and provides the most value to ratepayers. There are well established rules relating to the purchase, sale, and distribution of natural gas. The idea that each molecule of biomethane must be accounted for is akin to the idea that each electron from a wind or solar plant must be accounted for and traced to each utility that purchases this power. In both cases, the use of industry accepted contracts and utility grade meters for accounting ensure contract compliance and delivery. Each molecule of biogas that is injected into the pipeline, regardless of location, will displace a molecule of a fossil fuel that would have been injected if not for a biomethane supply. Since this molecule is effectively sold to a California utility for use in a designated power plant, it does displace in-state fossil fuel consumption.



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Further, biomethane is the renewable fuel that is used by an efficient, certified, renewable energy power plant that is located within California to produce RPS electrical power. It is similar to a solar panel or a windmill which by itself does not produce RPS electrical power but depends on a renewable fuel that is delivered from outside the state. In fact, a solar panels fuel is supplied from 93 million miles away. Wind travels from far distances to generate power at a wind farm. The only difference with biomethane is that our industry must intervene to deliver this renewable fuel to a renewable power generator located within California.

Regarding the environmental benefits associated with biomethane, flaring for instance is a wasteful practice, whereas pipeline injection of this gas for power generation makes much better use of this valuable resource. For example a wastewater treatment plant that currently flares biogas from an anaerobic digestion process and cannot justify onsite biogas utilization would better serve both the plant and California by injecting conditioned biomethane into a pipeline and utilizing this gas at an efficient power plant for generating RPS eligible power. This practice is a direct displacement of a fossil fuel that would have otherwise been used to generate power at this power plant.

In California, there are significant barriers to developing supply of biomethane such as utilities prohibiting injection on their pipelines and extraordinary interconnection costs which essentially eliminates any in-state pipeline biomethane resources. UTS supports proposed legislation from Assembly Member Gatto that attempts to address some of the inadequacies in the current laws and regulations related to biomethane. While we appreciate the law makers interest in addressing these inadequacies, there is clearly differing opinions in the legislature that should be debated and allowed to be formed into clear laws related to biomethane. Therefore, current RPS Guidelines for biomethane should be retained while legislators with differing opinions formulate new biomethane laws and address the inadequacies of current laws and regulations.

The current rules governing the use and delivery of biomethane via pipeline are clear and there is no precedence indicating fraud related to volumes or environmental attributes. The current rules have served as the basis for significant development costs to provide new biomethane resources from both in-state and out-of-state resources. Any changes to current regulations would cause significant harm to developers of biomethane resources and California ratepayers depending on this renewable energy supply.

Implementing a moratorium undermines the legislative process already underway where there is clear support for the biomethane industry. We request that the Commission maintain the current rules and allow the California Legislature to clarify future RPS eligibility conditions for biomethane.



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Sincerely,

David Schneider
UTS BioEnergy

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