

October 2, 2012



The Honorable Robert Weisenmiller, Chair
The Honorable Carla Peterman, Commissioner
The California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket No. 12-EPIC-01

Dear Commissioners Weisenmiller and Peterman:

We, the undersigned bioenergy companies and organizations, submit these comments on the Electric Program Investment Charge (EPIC) Proposed Triennial Investment Plan. We are very grateful to the Commission for its thoughtful and comprehensive approach to the Investment Plan and strongly support the framework that that CPUC and CEC have proposed to advance clean energy development and provide many other ratepayer and public benefits. We offer the suggestions below to ensure that bioenergy related funding maximizes those benefits and meets the goals of SB 1122 and other state polices related to bioenergy development.

As you know, bioenergy provides numerous benefits to ratepayers, including baseload renewable energy, renewable biogas for fuel cells and offsite use, energy storage, reduction or elimination of organic waste from landfills, reduction in wildfire costs and impacts, reduction in greenhouse gas emissions, and more. Bioenergy also provides jobs, economic development and local energy supplies, helping to meet the Governor's goals of 12,000 MW of distributed generation and job creation. Despite all these benefits, however, bioenergy development faces many obstacles in California, including technical, regulatory and financing challenges. Significant attention has been focused on environmental permit streamlining, and we are hopeful that the state is on a pathway to reduce the obstacles presented by prohibitive and oftentimes duplicative permit pathways. Attention and resources must now be provided to address utility interconnection issues, which are currently a more significant barrier to bioenergy deployment. Costs and uncertainty associated with utility interconnection are crushing to small and community scale renewable energy projects. Market uncertainty and the resulting high cost of capital to finance projects is another barrier that will only be addressed with experience.

As the Draft Staff Report recognizes, EPIC can play a significant role in addressing technical and environmental challenges facing bioenergy. We strongly support the emphasis on advanced pollution controls and on community-scale, integrated systems. Both of these goals are consistent with SB 1122 and the Governor's signing message on that legislation.

In addition, we recommend the following:

- The Proposed Investment Plan should not limit TD&D funding for bioenergy to 20% of the total. The CPUC's decision (12-05-037) requires a minimum of 20% of TD&D funding for bioenergy, providing the opportunity for the commission to provide additional, timely resources to facilitate deployment of this important distributed renewable energy source. Among renewable energy resources, only bioenergy provides the broad suite of environmental benefits and opportunity to reduce GhG. Additional funding will be necessary in the short-term to meet the objectives of SB 1122 and deploy 250 MW of bioenergy in the next 3-5 years.
- Given the significant barriers to interconnection, we urge the Commission to address it in the Market Facilitation category. In addition to targeting Market Facilitation funding to permitting and regulatory streamlining, we recommend adding a separate objective of "Interconnection Streamlining and Facilitation." Specifically, we urge the Commission to add a strategic objective to Collaborate with the CPUC, IOUs and distributed energy developers to develop lower cost interconnection solutions and make interconnection maps, availability, costs and permitting timelines transparent and to provide certainty to developers throughout the project development process.
- We urge the Commission to add a strategic objective to the Applied Research category to quantify and demonstrate greenhouse gas emissions benefits from different types of bioenergy projects. As the 2012 Bioenergy Action Plan recognizes, bioenergy can provide significant GhG reductions, but the Air Resources Board does not have carbon offset protocols for bioenergy outside of the Livestock Protocol. Demonstrating the benefits for different fuel types and applications would facilitate adoption of carbon offset protocols and thereby enable additional financing options that would help to make bioenergy economically competitive.
- The Investment Plan should also include funding to address sustainable forestry issues and should not limit forest biomass to thermochemical conversion. As the 2012 Bioenergy Action Plan recommends, it is important to develop guidelines for forest biomass that ensure sustainability (Action 1.2) and EPIC research and TD&D funding could be directed to help develop those guidelines.

At the same time, the Investment Plan should not limit the technology types, such as thermochemical conversion, at the outset.

- The bulk of TD&D funding should be utilized for a capital grant program to facilitate bioenergy project deployment. The grant program should be coordinated closely with implementation of SB 1122 to maximize benefits to ratepayers and facilitate deployment of a broad array of bioenergy technologies.

We look forward to working with the CEC on implementation of EPIC and related programs and policies.

Sincerely,

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