

US EPA ARCHIVE DOCUMENT

# Opportunities for Biogas Digesters

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# Today's Talk

- Status of feed-in tariffs
- Other options for selling energy from farms to California investor-owned utilities
- Interconnection issues

## Acronyms:

CPUC = California Public Utilities Commission

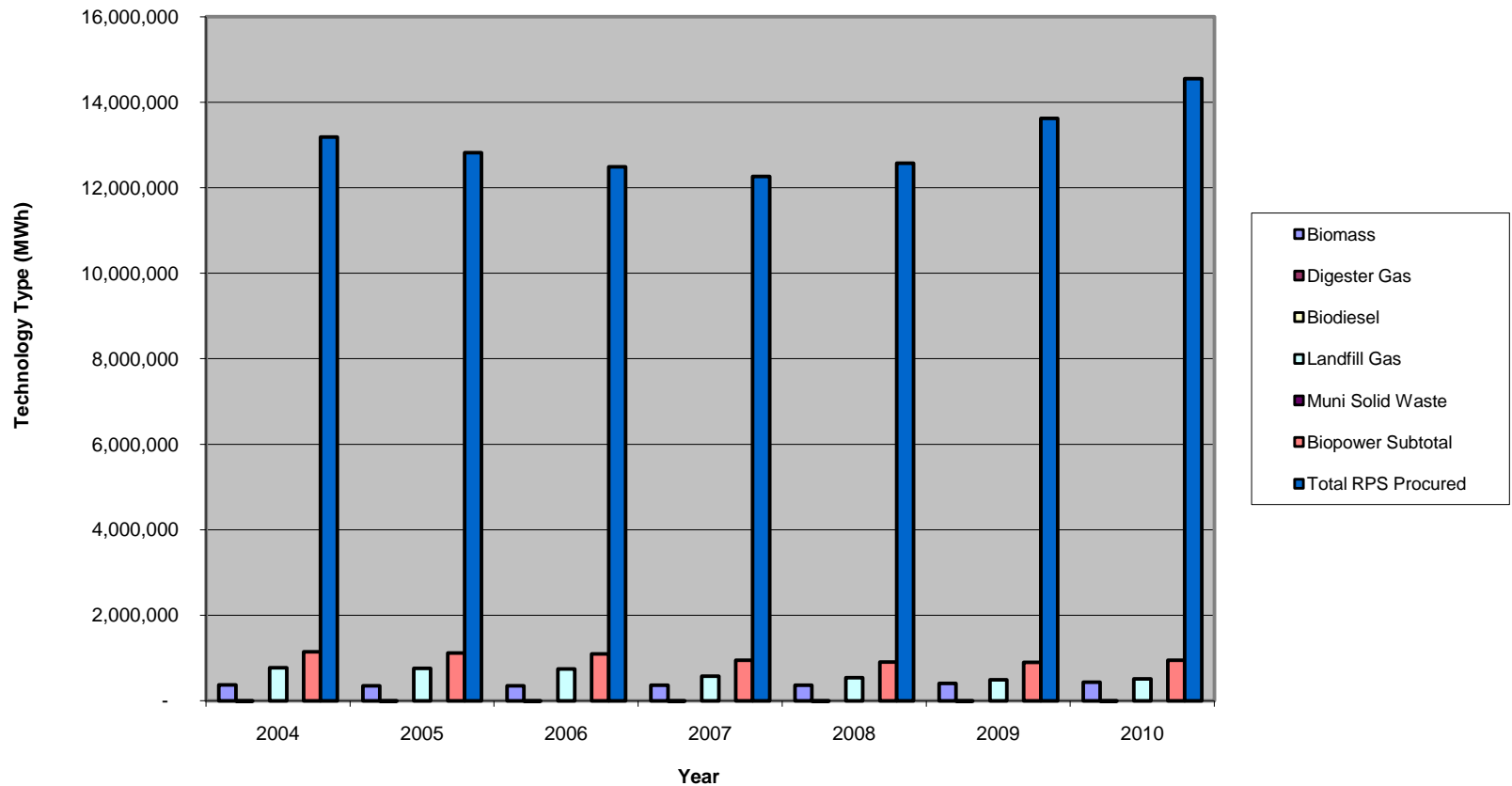
CEC = California Energy Commission

FERC = Federal Energy Regulatory Commission

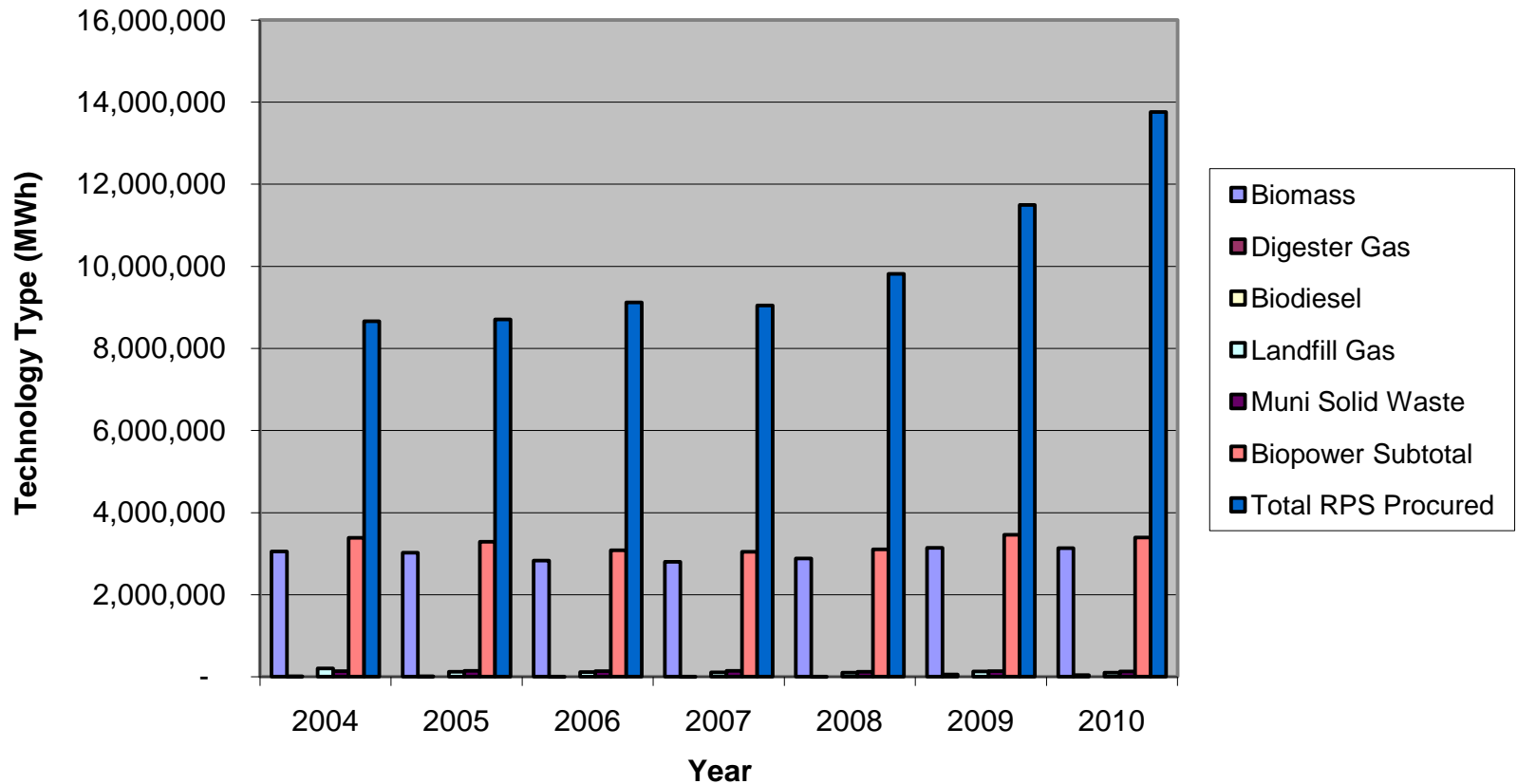
QF = Qualifying Facility, pursuant to Public Utilities Regulatory Policy Act



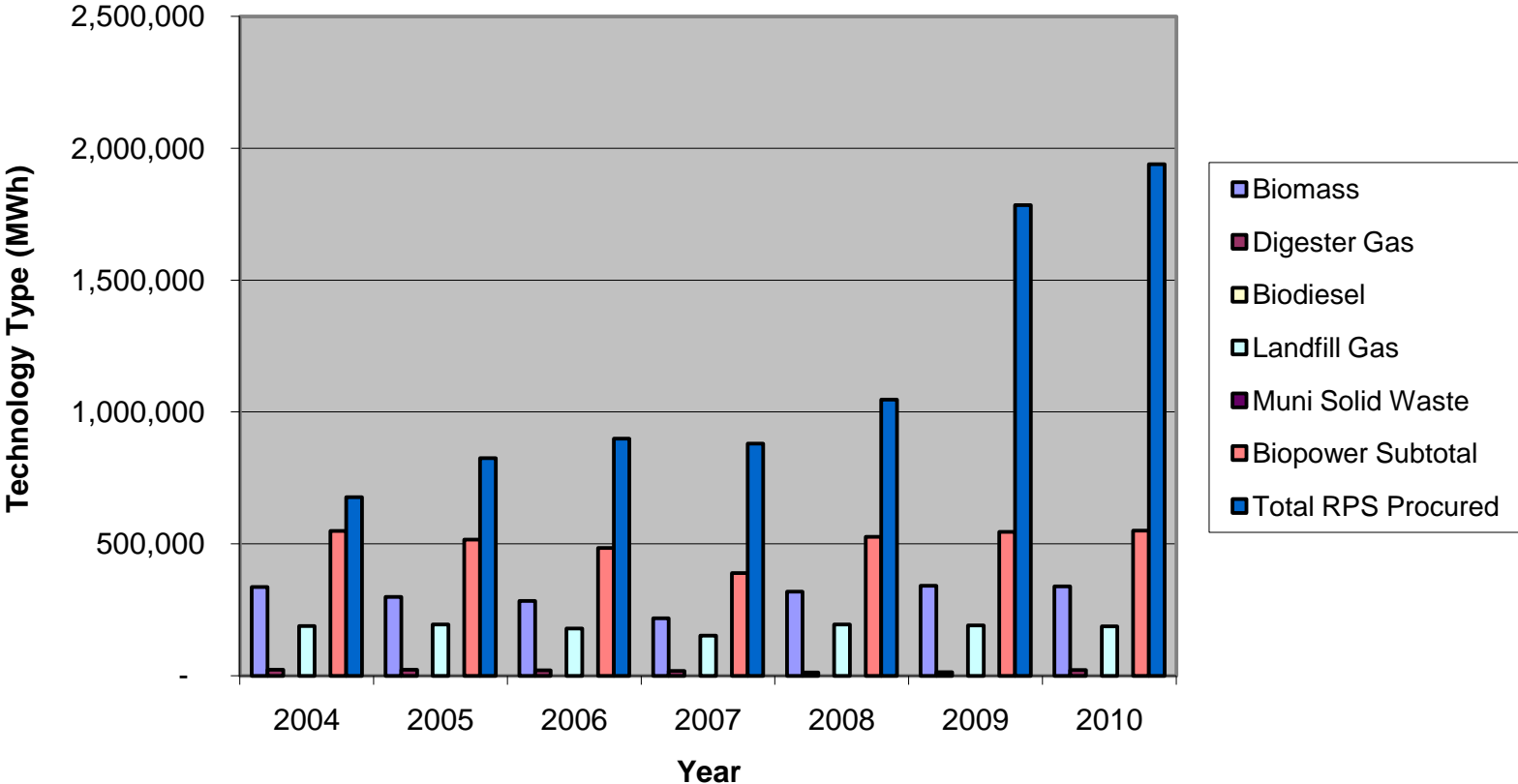
# SCE RPS Procurement



# PG&E RPS Procurement



# SDG&E RPS Procurement



# Options for Selling Energy: “Feed-in Tariff”

- In 2007, CPUC adopted tariff for projects up to 1.5 MW
- Payment based on utility avoided cost
- Senate Bill 32 (2009) directs CPUC to:
  - Expand tariff to projects up to 3 MW
  - Include externalities in determining payment
  - Cap participation at 750 MW statewide
- CPUC now moving to implement SB 32



# Pricing Provisions in SB 32

1. Market price determined by the Commission
2. Long-term market price for fixed price contracts
3. Long term operating and fuel costs
4. Value of electricity products, e.g., base load, peaking and as-available
5. Kilowatt hour price
6. Ratepayer indifference
7. 10, 15, and 20 year contract terms
8. All current and anticipated environmental compliance costs

Two optional inputs:

1. Time of Delivery, and
2. Locational Distribution Circuit adder





# Sustainable Conservation's Recommended Principles for a Feed-in Tariff

- The program should be easy to access, understand, and implement.
- The Commission must ensure that diverse resources are able to participate.
- Pricing under this tariff must recognize the contributions of different renewable technologies (baseload vs. intermittent), as dictated in SB 32.
- The Investor Owned Utilities should demonstrate ownership of the outcome and not just the process (i.e., success at overcoming hurdles to bringing new facilities on line).



# Options for Selling Energy: CA Self-Generation Incentive Program

- Biogas was eligible until 2008
- Senate Bill 412 (2009) directed CPUC to expand eligibility
- CPUC Decision 11-09-015 last week
  - Sets a good price, but retains requirement that project must be sized to meet load



# Options for Selling Energy: Combined Heat and Power

- CPUC decision 12/09 authorized sales, pursuant to Assembly Bill 1613 (2007)
- Utilities protested
- FERC Order 7/10 says CPUC decision can hold if:
  - Facility registers as a QF
  - Payment is at utility's avoided cost
  - Otherwise it's a wholesale power transaction
- CPUC moving forward
- Developing a special tariff for projects under 500 kW



# Options for Selling Energy: Renewable Auction Mechanism

- Projects up to 20 MW
- Program cap of 1000 MW
- Bids awarded by utility starting with lowest bidder until auction cap is reached
- Utilities in process of planning first solicitation



# Options for Selling Energy: Net Metering

- Only applicable to wind and solar
  - SB 489 pending on Governor's desk would allow more technologies to participate
- Systems 1-kW – 1 MW
- Cap – 2.5% of customer peak demand
  - PG&E voluntarily raising cap slightly
- CPUC has adopted method for compensating for excess sales from net metering



# Options for Selling Energy: Local Government Generation Offset

- Assembly Bill 2466 (2008) allows a local government to net electricity use off a renewable system owned, operated, or on property under its control
- Systems up to 1 MW
- Excess sales value set at utility generation price



# Options for Selling Energy: California Solar Initiative

- Authorized by Senate Bill 1 (2006)
- Different incentives for solar systems under, above 50 kW
- Fixed incentive pool through 2016
- Incentives decline as online capacity increases
- SB 585 pending with Governor, would replenish the incentive pool



# Interconnection Challenges

- Very few farms have interconnected under current feed-in tariff
  - Lengthy, unpredictable process
  - High cost
- Sustainable Conservation raising concerns, proposing solutions with legislators, regulators, utilities





# Fixing Interconnection

- CPUC sponsoring a settlement process for interconnection. Next meeting is tomorrow.
- CPUC next week will open a rulemaking to improve distribution level interconnection rules and regulations for certain classes of electric generators and electric storage resources.

