August 29, 2017

The Honorable Cliff Rechtschaffen, Commissioner  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA, 94102

Dear Commissioner Rechtschaffen:

The California Association of Sanitation Agencies (CASA) is pleased to submit these comments, in partnership with and support of, the Bioenergy Association of California, on the Order Instituting Rulemaking to Implement Dairy Biogas Projects to Demonstrate Interconnection to the Common Carrier Pipeline System in Compliance with Senate Bill 1383.

CASA urges the Commission to consider the pilot projects in the larger context of SB 1383 and other legislation passed last year that requires the Commission to consider rate-basing interconnection for pipeline biogas projects more generally. CASA also urges the Commission to balance the need to move quickly to implement the initial pilot projects with the important goal of building a long-term, sustainable biogas industry in California to meet the goals of SB 1383 and other statutes. In particular, CASA advocates that the Commission adopt a second phase of the pilot program that includes biogas projects from other organic waste sectors, such as the wastewater sector, which can help achieve the mandate of SB 1383 to reduce landfilling of organic waste through co-digestion. This will expand biogas and biomethane production for which interconnection could provide a viable market.

CASA is an association of local agencies engaged in advancing the recycling of wastewater into usable water, as well as the generation and reuse of renewable energy, biosolids, and other valuable resources. Through these efforts we help create a clean and sustainable environment for Californians. As recognized by the California Air Resources Board in the short lived climate pollutant (SLCP) Reduction Strategy, the wastewater sector is a key part of the solution and indeed, our members are focused on helping the State achieve its 2030 mandates and goals (also referred to as the Governor’s Five Pillars), which include:

- Reducing SLCP emissions
- Effectively diverting organic waste from landfills
- Providing 50 percent of the State’s energy needs from renewable sources
- Reducing carbon intensity of transportation fuel used in the State
- Increasing soil carbon and carbon sequestration under the Healthy Soils Initiative and Forest Carbon Plan

CASA estimates that the wastewater sector can accept at least 75% of the food waste
currently landfilled in California for co-digestion, and can do so largely utilizing existing infrastructure. This will help the state achieve a fundamental requirement of SB 1383, which is to divert 50% of organic waste from landfills by 2020 and 75% by 2025 (using 2014 as a baseline). Such co-digestion will result in a significant increase in biogas produced at wastewater plants. Wastewater agencies are primarily charged with the cleaning of water and the effective treatment of solids, and are dependent on ratepayer funding. Co-digestion projects that are outside of agencies' core mission must be cost-neutral, and thus reliable markets for biogas and biosolids, the products of anaerobic digestion, are critical to ensure revenue streams. Interconnection for pipeline injection is one such potentially viable market for biomethane. Unfortunately, the heating value and siloxane requirements for interconnection adopted to implement AB 1900 (Gatto) have served, along with cost, as effective barriers to this practice.

Recent legislative actions have made clear that barriers for biogas and biosolids utilization for the wastewater sector must be removed. AB 32, SB 32, SB 1383, AB 1900, AB 2313, AB 341, and other laws all seek to mitigate climate change through various mechanisms, but all focus on diverting organics away from landfills and on the reduction of methane emissions. Rate-based pilot projects for the pipeline injection of biomethane from wastewater plants could serve as the demonstration of a cost-effective solution, and are necessary to expand such projects in California. Should these demonstrations be successful and lead to an expansion of the interconnection market, it could provide justification for any necessary investments on the part of the wastewater sector.

The SLCP Reduction Strategy, released earlier this year, stated that barriers to pipeline biogas access must be removed to meet SLCP reduction requirements, not just for dairies but for the solid waste and wastewater sectors as well. The Reduction Strategy calls for regulatory agencies and stakeholders to work together to develop and implement solutions to overcome barriers which restrict biomethane pipeline injection and grid interconnection from all sectors.

While SB 1383 only requires the Commission to adopt five or more dairy biomethane pilot projects, nothing in the legislation or SLCP Reduction Strategy prohibits expanding the pilot program to include biogas from other sectors. In fact, looking at SB 1383 as a whole - especially the requirements to divert 75% of organic landfill waste and to significantly increase biogas and biomethane production and use of all types – expanding the pilot program to other sources of biogas would be fully consistent with SB 1383 and the SLCP Reduction Strategy. In addition to meeting the broader goals and requirements of SB 1383, expanding the pilot program would also help to prepare for the requirement of AB 2313 to consider rate-basing pipeline biogas interconnection for all biogas sectors.

Expanding the pilot program would provide other rate-payer benefits as well. It would broaden the types of projects, the number of market participants, variety of locations and other variables, which would enable the Commission to spur increased competition and evaluate much more robust information about pipeline biogas interconnection. This information would allow the Commission to assess whether to rate-base
interconnection for pipeline biogas across all biogas sectors in the future.

Since SB 1383 does not require rate-basing for non-dairy pilot projects, the Commission could add other sectors in a second phase so that the dairy pilot projects can move forward as quickly as possible. CASA urges the Commission to include a second phase of the pilot program for other biogas sectors as soon as the dairy pilot projects are launched. The second phase of the program could be streamlined significantly since many of the issues and templates will have already been developed for the dairy pilot program.

CASA and the wastewater sector stand willing and ready to assist the Commission in advancing renewable gas options, including pipeline interconnection. As more biogas is produced via co-digestion, assurance must be provided for markets to effectively utilize it. Pilot projects to demonstrate its viability can help develop market certainty and ultimately achieve the mandates of multiple legislative initiatives.

Please feel free to contact me at gkester@casaweb.org or at 916-844-5262 for further clarification or with any questions on any of these issues and opportunities.

Sincerely,

Greg Kester
Director of Renewable Resource Programs

cc: Sandy Goldberg – Advisor to Commissioner Rechtschaffen
    Bobbi Larson – CASA Executive Director
    Julia Levin – BAC Executive Director