

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Implement Dairy
Biomethane Pilot Projects to Demonstrate
Interconnection to the Common Carrier Pipeline
System In Compliance with Senate Bill 1383.

Rulemaking 17-06-015
(Filed June 15, 2017)

**REPLY COMMENTS OF AGRICULTURAL ENERGY CONSUMERS ASSOCIATION
ON THE JOINT UTILITY DRAFT SOLICITATION FOR SB 1383 DAIRY PILOT
PROJECTS**

February 23, 2018

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Introduction

In accordance with Rule 14.3 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedures, Agricultural Energy Consumers Association, (hereafter AECA) submits the following reply comments addressing issues raised in opening comments on the Draft Solicitation.

Numerous parties (Bloom Energy, Leadership Counsel for Justice and Accountability, and DVO Inc.) in their comments on the Draft Solicitation attempt to use the comment opportunity to re-argue issues or seek material changes to the Commission’s already-adopted final decision in this proceeding. These comments should be summarily rejected. The purpose of this comment process should only be to respond to the Draft Solicitation proposal to ensure that it fully implements Decision 17-12-004, as adopted.

The Leadership Counsel for Justice and Accountability (“Leadership Counsel”) suggest material changes to the CEQA guidance requirements of projects and attempts to re-argue issues already briefed and determined in the proceeding such as “minimum requirements” for emissions increases and rejecting the ability to use “offsite mitigation” of emission reductions. These are not appropriate clarifications at this stage. CEQA issues are best determined at the local level by air and water quality permitting agencies.

Similarly, AECA strongly opposes Bloom Energy’s efforts to materially and substantially change the Biomethane Pilot Project program at this stage of the process. The Draft Solicitation is merely designed to implement the Decision, not change its direction. Bloom’s suggestion that project developers be required or provided a preference to use fuel cells for energy generation is self-serving and misguided. The fact remains that fuel cell technology has simply not performed with biogas fuel. Fuel cell installations utilizing biogas have consistently and repeatedly failed. Bloom’s suggestion to “require at least one pilot project to supply biomethane to an ARB DG Certified technology either onsite or offsite within the air basin” is also beyond the scope of developing the Draft Solicitation and should be rejected on that basis alone. Furthermore, contrary to Bloom’s suggestion, the Program is not designed to be an energy generation technology demonstration program but is designed to demonstrate successful interconnection to the pipeline system. Program participants are in the best position to determine the ultimate end-use of biomethane and will be scored, in part, based on the environmental benefits associated with that end use. Bloom’s attempt to carve out a misguided fuel cell technology demonstration project at this late stage is without merit and should be rejected.

DVO Inc.’s comments are also troubling and appear to be self-serving. DVO appears to be trying to drive up the cost and difficulty of developing dairy cluster projects to provide a competitive benefit to their preferred approach of a single dairy project which will not utilize

gathering lines. Comments designed to bias the solicitation process to the benefit of a particular developer or project should be rejected. DVO's suggestion that upstream hydrogen sulfide (H₂S) removal become a requirement rather than an option also reargues an issue already determined by the Commission and should be rejected.

AECA also offers the following specific issues:

H₂S Removal

The issue of where to remove hydrogen sulfide is a complex and complicated issue that will require further discussion and clarification than cannot be adequately discussed in comments on a solicitation process. AECA agrees that pipeline safety is a critical issue and warrants further discussion by all parties. AECA strongly encourages the Commission to conduct a workshop on the specific topic and seek stakeholder and expert input. Project applications competing in the solicitation will need specific clarification from the Selection Committee as to what is expected so they can propose projects which meet any and all expectations. This workshop can be conducted following adoption of the solicitation document, but soon enough to allow applicants clear guidance on what is expected or required.

Reimbursement of Pipeline Infrastructure

AECA strongly supports the reimbursement mechanism proposed by SoCal Gas and SDG&E. The recommended milestone payment reimbursement structure will enhance project development and promote the appropriate use of ratepayer funds. The milestone payment structure is an appropriate clarification to the program.

Pipeline Laterals

AECA also strongly supports the clarification proposed by SoCal Gas and SDG&E that pipeline laterals specifically include return lines. Return lines are an integral part of pipeline laterals and the proposed clarification should be adopted in the solicitation document.

Existing Digesters

AECA also supports the clarification sought by MAAS Energy Works for existing digesters. The Draft Solicitation should make it clear that existing digesters can become part of a proposed dairy cluster without meeting the pond lining requirements for new digesters. This clarification is critical to allow for several existing (pre-2015) inoperative digesters to again function. This clarification is fully consistent with the Decision and goals of the program to encourage biogas injection and should be adopted.

Conclusion

AECA appreciates the opportunity to comment on the Draft Solicitation and looks forward to a workshop to discuss and clarify appropriate policies for H2S.

Dated: February 23, 2018

Respectfully submitted,

/s/
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VERIFICATION

I serve as the Executive Director of AECA and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the forgoing is true and correct.

Executed on February 23, 2018 at Sacramento, California.

/s/

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