

# Bioenergy Market Adjusting Tariff (BioMAT) : AB 843 Implementation Workshop

RULEMAKING 22-10-010: Order Instituting Rulemaking to Implement Assembly Bill 843 – the Bioenergy Market Adjusting Tariff Program

April 28, 2023



California Public  
Utilities Commission

# CPUC Energy Division Renewables Portfolio Standard (RPS)

Welcome and Introductions

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**Workshop Moderators:**

**Brad Hill**

**Jazmin Melendez**



# Agenda

10:00- 10:10am	Welcome/ Overview Of Agenda by Energy Division Staff
10:10-10:40am	Joint IOUs Presentation: Overview of the BioMAT Program
10:40-10:55am	Joint IOUs Q&A
10:55-11:05am	CCA Presentation: BioMAT Procurement Plans
11:05-11:15am	CCA Q&A
11:15-11:25am	Workshop Question #1
11:25-11:40am	Q&A
11:40-11:50am	Workshop Question #2
11:50-12:00pm	Q&A
12:00-1:00pm	Lunch
1:00-1:10pm	Workshop Question #3
1:10-1:30pm	Closing Comments and Questions
1:30-1:45pm	Wrap Up and Next Steps
2:00pm	Adjournment

*\*Times approximate and discussion may continue to but will not extend beyond 3pm*

# Scoping Memo

- With the need to expedite a decision to efficiently implement the requirements of AB843, we are omitting scoping issues that would relitigate certain aspects of the existing BioMAT program.
- As noted in Decisions (D.) 20-08-043, (R.) 18-07-003 the Commission will continue to monitor, review, and revise the BioMAT program as required.
- Participants will have the continued opportunity to make comments on in-scope program issues during this proceeding.

# Workshop Purposes

- Assigned Commissioner's Scoping Memo and Ruling announced BioMAT workshop
- Gather information and facts on several key BioMAT program management issues for the Community Choice Aggregators (CCAs) to consider for written response and record development purposes.
- Seek broader stakeholder feedback and input to:
  - Address the questions outlined in scoping memo and ruling
  - Hear views of parties and stakeholders
  - Ask questions
  - Voice concerns

# Proceeding Schedule Ahead (\*anticipated)

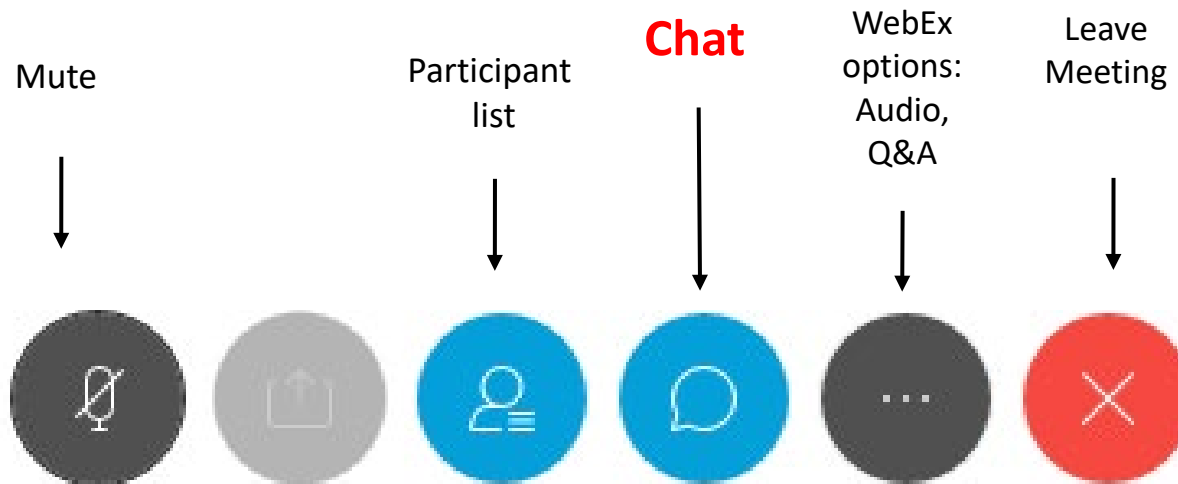
EVENT	DATE
Workshop	April 28
ALJ Ruling Requesting Additional Information*	May 2023
Opening Comments in Response to ALJ Ruling*	May / June 2023
Reply Comments in Response to ALJ Ruling*	June 2023
Deadline for Parties to Request Evidentiary Hearing	Within 10 days of the deadline for Reply Comments to the ALJ Ruling
Proposed Decision	Within 90 days of Workshop Reply Comments

# General Guidelines

- This Meeting is being recorded
- Make sure you are **muted**
- Workshop is structured to stimulate an open dialogue and engage different perspectives on BioMAT procedural questions
- Chat feature is only for Q&A or technical issues. Please do not start or respond to sidebar conversations

# Workshop Logistics

- All attendees are automatically on Mute, but the Host will Unmute you during Q&A for Questions  
If you have questions, send them via **Chat directly to:**
  - Questions about presentations: Moderators Bradley Hill and Jazmin Melendez
  - Need Acronym Help? [Energy Division Acronym Guide](#)





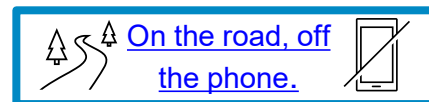
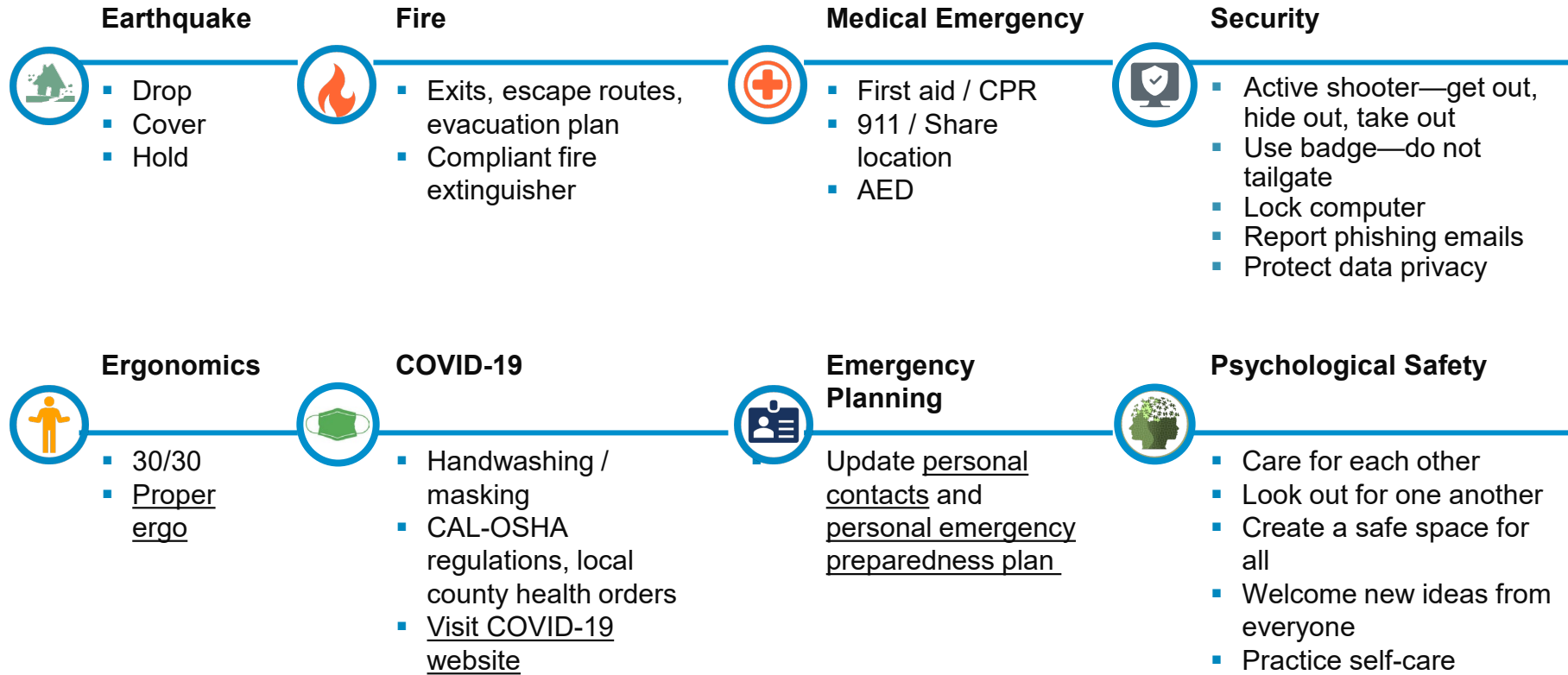
# Overview of the Bioenergy Market Adjusting Tariff Program

## Rulemaking 22-10-010

April 28, 2023



# Welcome and Safety



# Agenda

## **Discussion Topics**

1. Welcome and Safety
2. Background of Rulemaking 22-10-010
3. IOUs' Administration of the BioMAT Program
  - Tariff and Eligibility Requirements
  - Program Management and Participation
  - CPUC Oversight and Cost Recovery
  - Welcome and Safety

Q&A to follow the presentation

Please note that this presentation is intended to provide summary level information on the BioMAT program. For more program detail, please refer to the BioMAT Tariff, PPA, and CPUC decisions.

# Meeting Objective

- To provide a venue for stakeholders to discuss the process for administration of Community Choice Aggregator (CCA) BioMAT program contract terms and conditions, tariffs, program queue coordination, cost recovery, contract management, and oversight.
- In-Scope / Out-of-Scope
  - In-Scope:
    - IOUs' administration of the program, including CPUC filings and oversight and the IOUs' cost recovery process
  - Out-of-Scope:
    - Amendments to the sunset date of the program
    - Re-litigation of contract pricing
    - IOU-specific management of BioMAT contracts

# Background of Rulemaking 22-10-010

## **Background**

- The BioMAT program was implemented in 2014 and is a feed-in tariff program for small-scale bioenergy projects that are less than 5 MW (nameplate) and delivering no more than 3 MW (contract capacity).
  - It uses a CPUC-approved tariff, standard contract, and a market-based mechanism to set the contract price. Modifications can only be made via a CPUC decision or by CPUC approval.
  - Available to eligible projects in one of three categories, up to the program's statewide total.
- The goal of the BioMAT program is to provide a simplified procurement mechanism for eligible bioenergy projects.

## **Assembly Bill 843**

- Allows CCAs to also participate in the BioMAT program if capacity allocations remain available.
- Outlines several tasks to be completed by the CPUC, including:
  - Establishing a filing and approval process for CCAs' standard contract terms and conditions;
  - Adopting a process for CCAs to file their BioMAT tariffs;
  - Establishing a process for CCAs to submit eligible bioenergy contracts to the CPUC for cost recovery; and
  - Determining how the BioMAT program queue will be coordinated and contracted quantities will be tracked.

# Current State of the BioMAT Program

Category	Description	Allocation of Capacity (MW)				Contract Price (\$/MWh)
		SCE	PG&E	SDG&E	Total	
<b>Category 1</b>	Biogas such as wastewater, municipal organic waste diversion, etc.	55.5	30.5	24	110	\$127.72
<b>Category 2</b>	Bioenergy such as dairy and other agricultural waste	56.5	33.5	0	90	\$187.72 \$183.72
<b>Category 3</b>	Bioenergy such as byproducts of sustainable forest management, high hazard zones waste	2.5	47	0.5	50	\$199.72
	<b>Total Allocated Capacity</b>	<b>114.5</b>	<b>111</b>	<b>24.5</b>	<b>250</b>	
	<b>Total Contracted Capacity</b>	<b>10.8</b>	<b>38</b>	<b>0</b>	<b>48.8</b>	
	<b>Total Remaining Capacity</b>	<b>103.7</b>	<b>73</b>	<b>24.5</b>	<b>201.2</b>	

The price may adjust each Program Period based on market depth and subscription (rate of price acceptance) in each Category on a statewide basis.

Source: As reported on the IOUs' websites, which was last visited on April 13, 2023.

# Pricing Mechanism for the BioMAT Program

- The contract price is determined through a mechanism outlined and directed by the CPUC and summarized in the BioMAT tariff.
- The IOUs jointly administer the mechanism that establishes a statewide price for each Category.
  - Contract prices for each Category are published on the IOUs' online platform by the first business day of every Program Period.
- BioMAT contract pricing may adjust each Program Period based on **market depth** and **subscription rate** for each Category on a statewide basis.

## Market Depth

- Measures the number of unaffiliated Applicants in each Category for the prior Program Period statewide.
- If there are less than 5 unaffiliated Applicants in a Category statewide, the price remains the same for the next Program Period.

## Subscription Rate

- Refers to the rate of price acceptance in each Category on a statewide basis.
- If market depth is met, the price can decrease, stay the same, or increase based on subscription.

# Summary for Administering the BioMAT Program

## I. Start-Up

- Establish the feed-in-tariff, including eligibility requirements, program participation rules, notification, special conditions, etc.
- Establish a standard offer contract (e.g., pro-forma).
- Submit the tariff and standard offer contract to the CPUC for approval.

## II. Program Management and Participation

- Eligible projects coordinate with the applicable Buyer (e.g., IOU) to execute a power purchase agreement.
- Within 10 business days of contract execution, Buyer will list the contract on a publicly available report.
- BioMAT costs are recovered through the Public Purpose Program (PPP) non-bypassable charge.
- Per statute, Renewable Energy Credits (RECs) must count toward Buyer's RPS target and Resource Adequacy (RA) must count toward Buyer's RA requirement.

## III. On-Going Regulatory Oversight

- The Buyer demonstrates prudent contract management to the CPUC (e.g., through ERRR Compliance for the IOU) to review previous year's performance.
- Recovery of expenses and other procurement costs are reviewed (e.g., through ERRR Forecast for the IOU) to request cost recovery for the upcoming year's costs.
- Regulatory oversight process also consists of quarterly compliance report for Energy Division to review procurement transactions.



# Overview of Rules – Eligibility Requirements (1 of 2)

<b>Location</b>	<ul style="list-style-type: none"><li>• Applicable IOU's electric service territory.</li></ul>
<b>Qualifying Facility</b>	<ul style="list-style-type: none"><li>• Project must be a Qualifying Facility, as defined by FERC. This makes BioMAT a PURPA program.</li></ul>
<b>Capacity and Nameplate</b>	<ul style="list-style-type: none"><li>• Contract Capacity cannot exceed 3MW.</li><li>• Nameplate cannot exceed 5MW.</li></ul>
<b>Interconnection<sup>1</sup></b>	<ul style="list-style-type: none"><li>• Active interconnection queue number and complete interconnection study.</li></ul>
<b>Experience</b>	<ul style="list-style-type: none"><li>• At least one member of the development team must have completed at least one project of similar technology and capacity.</li></ul>

<sup>1</sup> Category 3 projects may withdraw from the interconnection queue after receiving a complete study. See the BioMAT Tariff for details.

## Overview of Rules – Eligibility Requirements (2 of 2)

<b>Site Control</b>	<ul style="list-style-type: none"><li>• Project must have site control (e.g., lease).</li></ul>
<b>Daisy Chaining</b>	<ul style="list-style-type: none"><li>• Project must be the only exporting project from the Applicant or its affiliates on any single or contiguous pieces of property.</li><li>• If Applicant has multiple projects on any single or contiguous pieces of property, the total capacity of the projects must not exceed 3MW.</li></ul>
<b>NEM</b>	<ul style="list-style-type: none"><li>• Project must terminate participation in NEM prior to executing a PPA.</li></ul>
<b>Fuel Resource Requirement</b>	<ul style="list-style-type: none"><li>• 100% of Fuel Use must be BioMAT eligible feedstock with at least 80% from the applicable Category; except Category 2 (Dairy) which must use 100% dairy.</li></ul>
<b>Commercial Online Date</b>	<ul style="list-style-type: none"><li>• Must occur on or after June 1, 2013.</li></ul>

# Overview of the Application Process

## Applicant Submits Program Participation Request (PPR) Form

PPR form must include supporting documentation (e.g., interconnection study, single line diagram, etc.)



## IOUs Review Applications

IOUs have 20 business days to review the PPR forms

If minor deficiencies are found, Applicant has 10 business days to cure

If PPR project is ineligible or not resubmitted within 10 business days, PPR is rejected



## PPR Accepted and Complete

Once PPR is deemed complete, it enters BioMAT queue and can participate in Program Periods for a PPA

# Program Periods

Available Capacity Per Program Period	Category 1: Biogas (Wastewater, Organic Waste, etc.)	Category 2: Bioenergy (Dairy or Agriculture)	Category 3: Bioenergy (Forest Management)
Program Periods	Bi-monthly	Bi-monthly	Monthly
PG&E	6 MW	6 MW	6 MW
SCE	6 MW	6 MW	2.5 MW
SDG&E	3 MW	NA	0.5

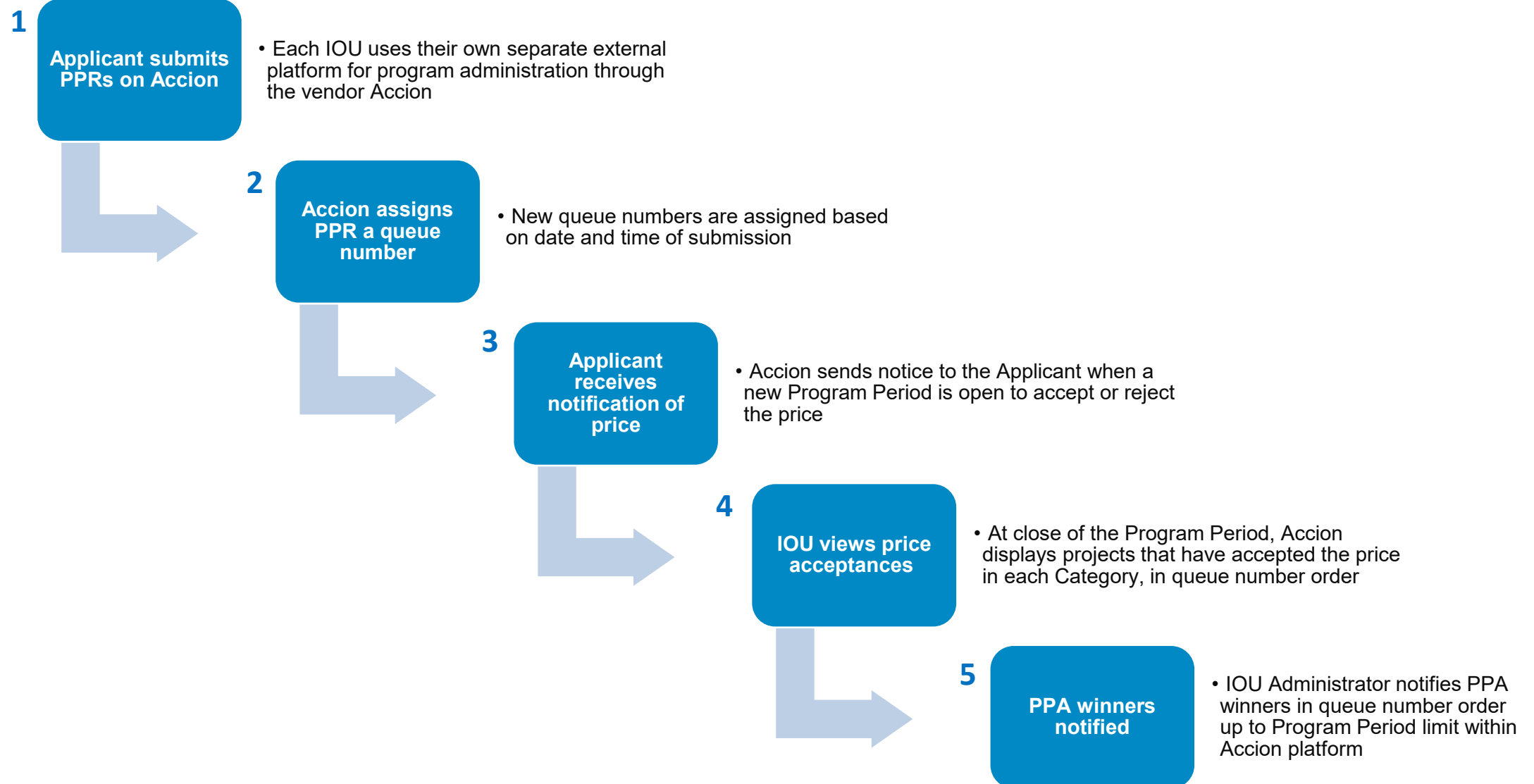
## During Each Program Period:

Applicants in queue choose to accept or reject posted price within 10 business days

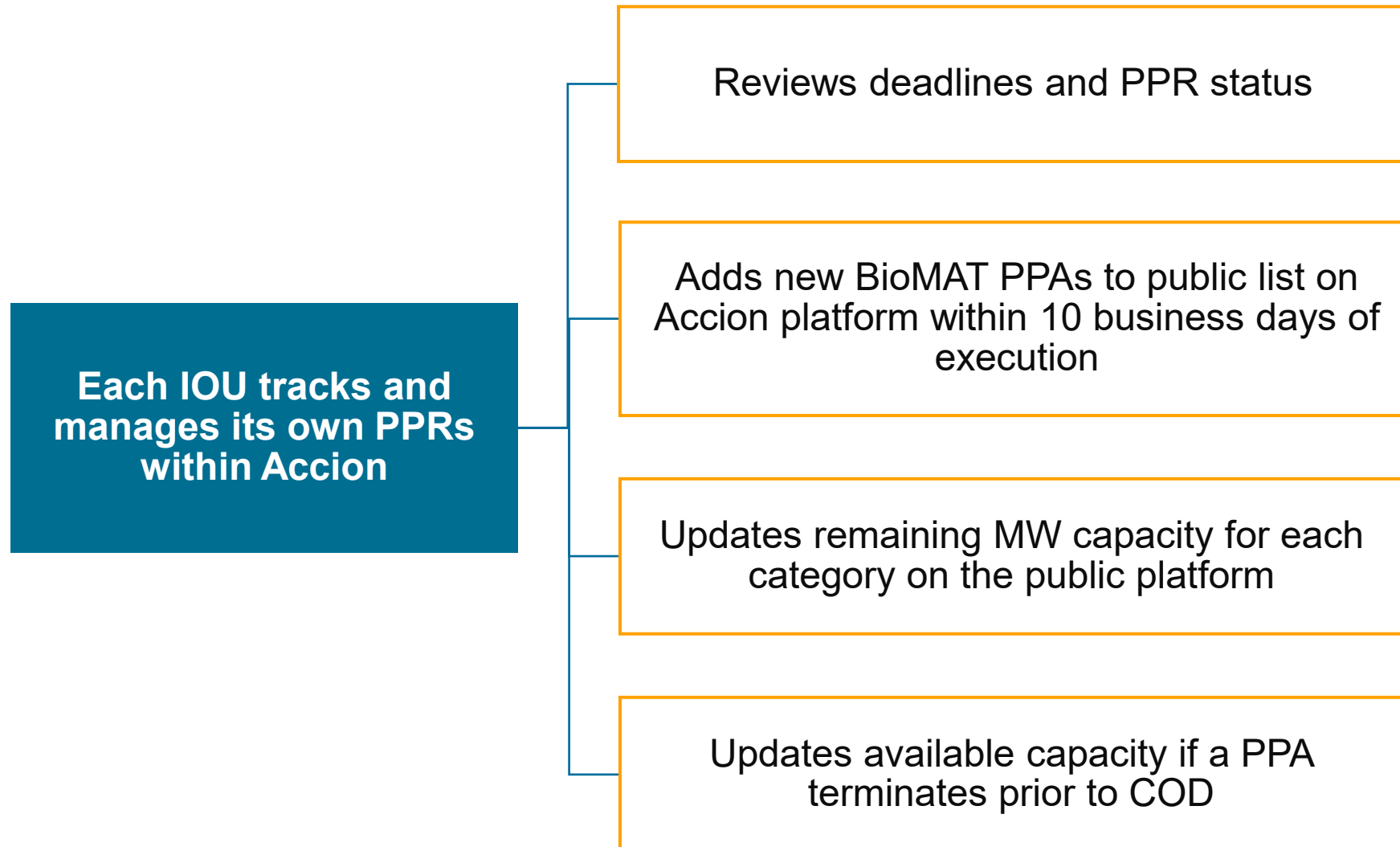
Applicants that accept the price in given category are awarded PPAs based on place in the queue

Applicants that reject the price or accept but are not awarded a PPA remain in the queue

# Program Participation and Queue Management



# Tracking in the BioMAT Program



# Contract Approval

- Each BioMAT program participant enters a fixed-price standard contract with the IOU buying the generation output.
- Terms of the contract are directed by the CPUC and cannot vary between entities; any changes must be adopted and ordered by the CPUC in an open proceeding.
- Contract updates must be filed with Energy Division by each IOU, usually within 30 days after the effective date of the decision via a Tier 2 Advice Letter and served on the service list of the proceeding with the following:
  - Updated standard contract, tariff and ancillary documents to implement the program.
  - Clean fully revised copies of these documents and redlined copies reflecting changes ordered in the decision.

# Cost Recovery

- D.20-08-043 adopted a non-bypassable charge (NBC) for all customers in each IOU's service area, to be collected through the IOU's Public Purpose Program (PPP) charge.<sup>1</sup>
  - Each IOU established a BioMAT NBC Balancing Account (BNBCBA) used for collecting the net costs for procurement.
- The BioMAT NBC rate is designed by each IOU using the current 12-month coincident peak demand basis as used for the cost allocation mechanism (CAM), on a per kWh basis for each customer group, and added to other parts of the PPP rate for billing.
- The IOU's BioMAT NBC rate design, implementation plan, and BNBCBA were approved by the CPUC, and BioMAT costs are allocated to all customers within a service territory.

<sup>1</sup> Administration modeled after the Tree Mortality NBC adopted in D.18-12-003.



Thank You!

# Q & A

## IOU BioMAT Websites:

**PG&E:** [BioMAT \(pge.com\)](http://pge.com/BioMAT)

**SDG&E:** [Bioenergy Market Adjusting Tariff \(Bio-MAT\) | San Diego Gas & Electric  
\(sdge.com\)](http://sdge.com/BioenergyMarketAdjustingTariff(Bio-MAT)|SanDiegoGas&Electric)

**SCE:** [Bioenergy Market Adjusting Tariff \(BioMAT\) | Solicitations | Energy Procurement  
| Home - SCE](http://sce.com/BioenergyMarketAdjustingTariff(BioMAT)|Solicitations|EnergyProcurement|Home-SCE)

# CCAs and BioMAT

R.22-10-010

CPUC Energy Division Workshop

April 28, 2023

# Assembly Bill 843 (2021) in Context

“Increasing the amount of renewables in the state’s energy mix provides a range of benefits to Californians, such as reducing greenhouse gas emissions, stabilizing electricity rates, contributing to the reliable operation of the electrical grid, and meeting the state’s need for a diversified and balanced energy portfolio.” 2021 Budget Change Proposal (BCP) - funding to implement AB 843.

“AB 843 builds on existing statutory framework that requires the procurement of 250 MW of bioenergy capacity with the goal of reducing GHG emissions and criteria pollutants and increasing reliability. BioMAT procurement will increase grid reliability, reduce wildfire risk, and help the state meet requirements established by prior legislation calling for increased bioenergy development.” 2021 BCP.

At least 1,000 MW of resources ordered under the Mid-Term Reliability Order must be obtained from clean firm resources – the Decision specifically mentions biomass as a potential resource for this category. See D.21-06-035 at 84.

Several CCAs supported AB 843 and look forward to procuring under BioMAT.

# AB 843 (Public Utilities Code § 399.20) Requirements

CCAs may submit bioenergy projects to the Commission for cost recovery if:

- Open capacity exists within an IOU's service territory; and
- The CCA submits a standard tariff to the Commission with pricing determined by the Commission considering the statutory determinants for establishing the IOU BioMAT prices. PUC § 399.20(f)(5)(A).

# Statutory Requirements for CCAs to be Incorporated Into BioMAT Program

## Tariff

- Submit standard tariff to Commission for approval. (f)(5)(A)
- Base tariff on IOU's approved tariff, "so long as all the terms and conditions are not modified by the CCA" (f)(5)(D)

## Contract

- Develop standard contract terms/conditions that reflect operational characteristics of biomass facility (f)(5)(B)
- Base contract on IOUs' approved standard contracts, "so long as all the terms and conditions are not modified by the CCA" (f)(5)(B)

## Process

- Provide a streamlined contracting process (f)(5)(B)

# CCA Local Community Focus

- Several CCAs have interest from communities that would like to develop projects that may be eligible for BioMAT program
- CCAs will prioritize projects within their service territories to spur local development, local clean energy, local opportunities to meet community needs, and equity

# Approach for Incorporating CCAs into BioMAT Program

- Do not “reinvent the wheel”
- Utilize existing BioMAT processes and approved tariff/PPA
- Pull from other Commission programs with processes for CCA participation in IOU programs (e.g., Disadvantaged Green Tariff (DAC-GT))
- Energy Division queue management and other oversight of CCAs/IOUs to ensure competitive parity

# Overview of Proposals

- Cost Recovery
  - Model CCA BioMAT cost recovery processes on DAC-GT processes
- Process/Queue Management
  - Initial CCA filings
    - CCAs submit proposed pro forma Tariff/PPA within existing Rulemaking (based on already approved IOU Tariff/PPA)
    - Stakeholders comment within existing Rulemaking
    - Commission approval in R.22-10-010 Proposed Decision
  - Commission/Energy Division Oversight
    - CCAs/IOUs
    - Queue, pricing, executed PPAs, ongoing attestations



# Q & A

## Question #1:

**What processes should the Commission adopt for both (a) initial filing and (b) long-term oversight of CCA BioMAT procurement contracts, including biofuel reports and feedstock attestations?**

# Q & A

## Question #2:

**How should the Joint IOUs, CCAs [and/or the Commission] coordinate the BioMAT program queue?**

# Q & A



# **Bioenergy Market Adjusting Tariff (BioMAT) : AB 843 Implementation Workshop**

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**Lunch Break**

**Please return at 1:00 PM PST**

## Question #3:

**What policies and procedures should the Commission adopt to track CCA BioMAT program procurement costs for allocation within the IOUs' respective non-bypassable charge (NBC) accounts?**

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# OPEN Q & A

Questions may be asked by:

- Submitting your question to “everyone” via WebEx chat

**Or**

- clicking the ‘raise your hand’ symbol , and you will be unmuted



# Closing Comments and Next Steps

EVENT	DATE
Workshop	April 28
ALJ Ruling Requesting Additional Information	May 2023
Opening Comments in Response to ALJ Ruling*	May / June 2023
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Deadline for Parties to Request Evidentiary Hearing	Within 10 days of the deadline for Reply Comments to the ALJ Ruling
Proposed Decision	Within 90 days of Workshop Reply Comments

\* *estimates*



# California Public Utilities Commission