

The BioMat Program

(SB 1122)

A CPUC program setting electricity prices for small bioenergy projects

Enabling Legislation (SB 1122) Rubio bill

- In September 2012, Gov. Brown signed into law, requiring an incremental 250 MW of renewable Feed-in Tariff (FIT) procurement from small-scale bioenergy projects that commence operation on or after June 1, 2013.
- The statute requires that each of California's three large investor owned utilities (PG&E, SCE, and SDG&E) must procure a share of the statute's 250 MW requirement based on the ratio of each utility's peak demand to statewide peak demand. Additionally, the statute orders the CPUC to allocate the 250 MW procurement requirement among the following categories:
 - (i) For biogas from wastewater treatment, municipal organic waste diversion, food processing, and codigestion, 110 megawatts.
 - (ii) For dairy and other agricultural bioenergy, 90 megawatts.
 - (iii) For bioenergy using byproducts of sustainable forest management, 50 megawatts.

Current status of program implementation

- Comments were accepted on the template Power Purchase Agreement (PPA) and program instruction guide (called “The Tariff”) in early March.
- We expect a final decision in May. There may be changes in the Decision that go beyond just the PPA and Tariff.
- First Auction will likely occur about 60 days after the Decision is voted on; so that means some time this summer we expect the program to go live.

Pricing Electricity under BioMat

- The price for every KWh that you produce will depend on a variable price mechanism (auction every sixty days)
- Currently price will open at 12.7 cents per kwh
- Price cap at 19.7 cents per kwh
- Price moves by an increment of .4 cents, then .8 cents, then 1.2 cents thereafter
- Price movement
 - Minimum number of bidders is initially three, then after first bidder strikes at a price, there must be at least five projects in the queue before the price will move again.
 - Price will rise if less than 20% of 9 MW available (1.8 MW) is allocated. Then, the price remains static for the next auction, and then will rise if no one strikes at the price in that following auction. If all MW are ever subscribed in one auction, the price will decrease for the following auction.
- A state-wide price pool is maintained; so minimum number of bidders and price changes are considered within one group, statewide. Individual IOU allocation targets are still handled independently
- Once a project accepts a price it will go through a process to enter into a PPA that has standard terms and conditions; very few modifiable terms. The template will be available online.

Qualifications to enter the queue in BioMat

- Fee to participate is \$2/kW
- Must have a System Impact Study or Phase 1 Study (interconnection study)
- 100% site control; own, lease or option upon execution of PPA
- One member of team has completed at least project of similar capacity or technology or begun construction on similar project
- Project must be online within 30 months

Required characteristics of a generation facility

- Produces no more than 3 MW of electricity
- Must be certified as RPS eligible
- Commence on or after June 1, 2013
- Located within service territory of SDG&E, SCE or PG&E (note that SCE only will have 2.5 MW allocated for forest biomass projects, and SDG&E is required to support one .5 MW project)
- Strategically located: meaning that transmission level upgrade costs over 300,000.00 must be bought down by project developer

Feedstock requirements under BioMat

To participate in the program strict feedstock requirements apply

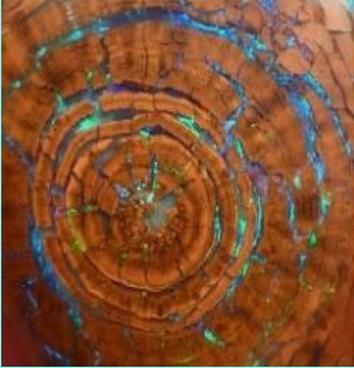
- 80% of feedstock must be forest biomass derived waste in order to qualify for that pricing queue
- 20% may be other wood that qualifies for the program in other categories: such as agricultural or urban wood waste.
- Forest biomass must be “sustainable” as defined by the CPUC specifically for this program, as waste derived from (1) fire threat reduction activities (2) fire threat clearance activities, (3) Infrastructure clearance projects or “other” waste wood that must be analyzed through a check list that generally assures it comes from projects associated with current forest practice act and other federal and state rules.
- There are fuel source verification and monitoring processes generally outlined that will be further described by the CPUC in upcoming months.

Interconnection Issues

- Source of significant concern and cost for bioenergy projects
- Rule 21 (CPUC administered) vs WDAT (FERC related for qualifying facilities) procedure for interconnection essentially the same because of complicated study requirements and uncertain costs are in both processes.
- Call for reform a few years ago lead to many good changes and cost reductions to Rule 21, but did not address bioenergy technologies
- Active CPUC proceeding; advocates like Bioenergy Association of California, Interconnection study to enter queue; but timing on deposits are not dictated in BioMat Decision

BioMat: a small step towards support for distributed small scale forest biomass waste to energy projects in California

- State funding sources allow for use of other public money, except a few narrow examples such as Self Generation Incentive Program (SGIP)
- Only one project owner or affiliate can have a project in the queue at any given time or the price will not rise.
- Permitting, such as CEQA, must be complete before the project goes online.
- BioMat will be in place for five years from the date of the first auction; even if we do not get projects into the queue for one to two years.



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Thank you!

For more information

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