



CLERE Inc.

California Law Empowering Renewable Energy

SB 1122: THE BIOMAT PROGRAM IN 2017

A feed-in Tariff electricity procurement program of the California Public Utilities Commission for Bioenergy

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TERMS YOU WILL HEAR TODAY

CAISO: California Independent System Operator

CEC: California Energy Commission

CPUC: California Public Utilities Commission

CPUC Decision: Citation for SB 1122 decision is
D. 14-12-081

DG: Distributed Generation

FiT: Feed In Tariff

GEP: Guaranteed Energy Production

IOU: Investor Owned Utility

NEM: Net Energy Metering

PPA: Power Purchase Agreement

REC: Renewable Energy Credit (from RPS program)

RPS: Renewable Portfolio Standard program

SGIP: Self-Generation Incentive Program

Tariff: Utility drafted, and CPUC approved
instruction manual for tariff programs.

TOD: Time Of Delivery

The kWh or MWh is a unit of energy.

Energy is a measure of how much fuel is contained within something, or used by something over a specific period of time.

The kW or MW is a unit of power.

Power is the **rate** at which energy is generated or used.

WHAT YOU MUST SHOW TO PARTICIPATE

Some people
dream of success,
while others wake up
& work hard at it.
- Winston Churchill

DEMONSTRATE THE FACILITY WILL COMPLY

- ▶ 100% site control; own, lease, or lease option contingent on execution of PPA
- ▶ Have an “effective capacity” of no more than 3 MW of electricity production until the implementation of AB 1923 by CPUC
- ▶ Must be certified as RPS eligible
- ▶ The facility will need to qualify under FERC as a QF
- ▶ Commence on or after June 1, 2013
- ▶ Located within service territory of SDG&E, SCE or PG&E depending on category
- ▶ You MUST be online within 30 months of PPA execution

INTERCONNECTION IS POSSIBLE

The statute emphasizes a need to manage interconnection: so the CPUC requires that before you get into the queue you must have a System Impact Study or Phase 1 Study (interconnection study) completed, but you do not need to be maintaining a live interconnection queue position (SB 840)

AND

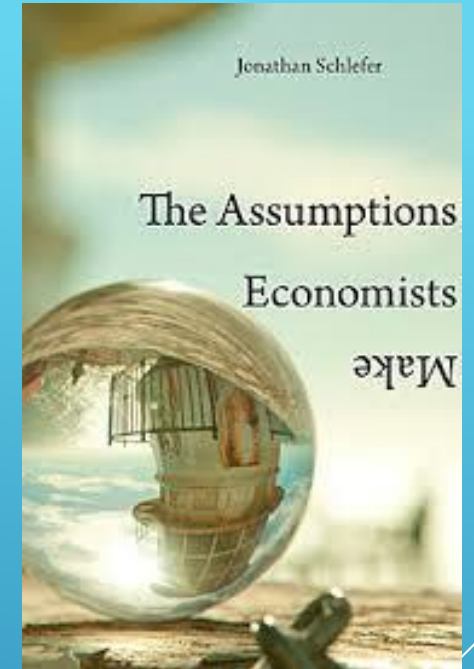
Be strategically located: meaning that transmission level upgrade costs over \$300,000.00 must be bought down by project developer

YOUR TEAM HAS EXPERIENCE

One member of team has completed at least project of similar capacity or technology or begun construction on similar project

THE PRICE MECHANISM

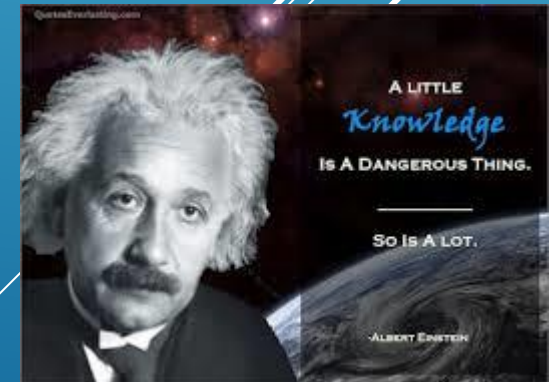
- ▶ The price for every MWh that you produce will depend on a variable price mechanism that will rise every 30 days until a project strikes at the price. Then, the auctions will occur every 60 days, and there must be five projects in the queue to reach market depth
- ▶ Currently the Price cap at 197.00 dollars per MWh
- ▶ Price moves by an increment of 4 dollars, then 8, then 12 thereafter
- ▶ Once a project strikes at a price, there must be at least five projects in the queue before the price will move again. If market depth is reached, then the Price will remain static the following auction, and if no one strikes at that price, then it will continue to rise at the subsequent auction. If projects do strike at a price, partial allocation keeps the price static, while full allocation will result in a 4 dollar price decrease the following auction.
- ▶ At each Auction 6 MW will be available: unused MW do NOT roll over into the next auction; they roll forward until the program expires in January of 2021.



Auction 6	Auction 7	Auction 8 May 1	Auction 9 June 1	Auction 10 July 1	Auction 11 August 1	Auction 12 September 1
\$127.72	\$131.72	\$139.72	\$151.72	\$163.72	\$175.72	\$187.72

WHAT KIND OF PPA CAN YOU EXPECT

- ▶ Overview of Power Purchase Agreements as Standard Contracts and what that means for developers
 - ▶ Standard vs Pro Forma contracts at CPUC (Review and Execution of a PPA)
 - ▶ 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.
 - ▶ Key decisions at time of execution :
 - ▶ Term: 10, 15 or 20 yr contract
 - ▶ how much power to 'promise' to deliver (more later from Brandon)
 - ▶ "Site Host Load"
 - ▶ PUC CODE 218(B) You can sell electricity to one or two tenants or neighbors as long as there is not a public road between the properties, and the tenant/neighbor cannot be in the business of petroleum products, or is a subsidiary of your business.
 - ▶ Not included or recorded within PPA [Tariff Section I(6)]
 - ▶ It may not be covered by PPA. But you still cannot have a facility with an Effective Capacity of over 3 MW
 - ▶ Efforts afoot to recognize this power under RPS program
- ▶ You only have 10 days to execute once you strike at a price!



INTERCONNECTION CHALLENGES

WHERE WE ARE IN 2017

- ▶ The Definition of Strategic location from D. 14-12-081 P. 46
- ▶ How that is different from how costs are normally allocated under Rule 21 (See Sheet 61, Table E2)
- ▶ Policy reasons why it was put in place
- ▶ What has changed relating to forest biomass
 - ▶ Tree Mortality Crisis
 - ▶ Costs of transmission upgrades: repayment of transmission upgrades by Utility is better for the Ratepayer than covering higher PPA costs that would be needed to cover the cost of money over a twenty year period of time needed to finance the transmission upgrades by project developer
- ▶ Rule 2: Cost of Ownership Issues

SOME RULES OF CONDUCT



- ▶ No daisy chaining
- ▶ No price collusion
- ▶ No SGIP or NEM incentives available for BIOMAT projects; but other state grant projects like the CEC EPIC program are OK
- ▶ Affiliated Projects in the queue do not support price increases.
- ▶ Feedstock can be transferred across IOU territories
- ▶ Comply with feedstock type requirements: the process has not been completed by the CPUC at this time.

THANK YOU FOR YOUR ATTENTION TODAY!