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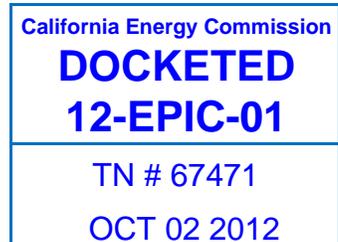
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October 1, 2012

California Energy Commission
Dockets Office, MS-4
Re: Docket No. **12-EPIC-01**
1516 Ninth Street
Sacramento, CA 95814-5512



Subject: EPIC Docket No. 12-EPIC-01

The **California Biomass Energy Alliance** (“CBEA”) thanks you for the opportunity to comment on the development of the First Triennial Investment Plan (“Draft Plan”) for the Electric Program Investment Charge (“EPIC”) Program. CBEA has been supportive of the continued collection of ratepayer funds for ratepayer benefits because of the opportunities it could provide to support clean energy innovation priorities that serves both ratepayers and reduces environmental impacts, including climate change effects on the energy system. Absent the inclusion of a direct fuel deployment program as outlined in CBEA’s previous comments, we have only a few observations and thoughts to share on the current draft.

As you know, CBEA is the trade association of the solid fuel biomass power producers in California. There are 33 plants throughout the state generating around 600 MWs of clean, renewable power. The majority of the industry is legacy qualifying facilities or “QFs,” which have expiring contracts in the next three to eight years. If this economic cliff is ignored, there would be a great loss to the State in its efforts to reach its renewable energy goals, not to mention all the other myriad environmental and societal benefits which the biomass industry provides. Collective efforts should be focused on how to reduce biomass power costs and find efficiencies to put these facilities on more favorable economic ground to better compete in future renewable utility RFOs. We believe the Draft Plan has included that focus. In the Applied Research and Development section, we especially support targeting projects that address biomass processing and handling systems (S3.2) and support in the Technology, Demonstration and Deployment section advanced biomass and fuel handling systems projects (S12.1).

Within these categories the existing biomass industry recommends particular emphasis is placed on projects that 1) have short-term benefits (less than 8 years) and 2) provide tangible and cost-effective benefits to the existing fleet of operational and near operational facilities.

This latter point could be demonstrated by working with or partnering with existing fuel suppliers and facility operators. One example that would fit in this category is working with the existing industry on identifying specifically which feedstocks are hardest to access, are more expensive, but are more environmentally beneficial to get. For example, the San Joaquin Valley, with the cooperation of the biomass industry, growers and the air quality management district, has essentially eliminated open burning of agricultural waste for almond, walnut, and other crops. But there exists an exemption from the burn ban for farms of 20 acres or less in size. Primarily citrus tree removals and grapevine removals along with crops on the smaller farms are left to open-burn. In the forest there are many California Department of Forestry- and United States Forest Service-approved logging projects that generate hundreds of thousands of tons of logging waste which, in many cases, is uneconomical to transport to biomass facilities usually due to transport distance. The options for dealing with this forest waste biomass is to burn in place in the forest or scatter in the forest leaving more fuel in place that could exacerbate fire conditions in the future. Finding solutions for these particular feedstocks should be given higher priority.

CBEA believes the California Energy Commission and its staff understands this, but it is worth restating. Funded projects also need to provide new ideas or new concepts to old ideas. For example, the draft plan references densification and torrefaction as possible projects which theoretically address collection and transportation issues. But these are not new concepts and today research projects mostly overlook the cost. It takes additional equipment, fuel, and people to operate. Both processes require double handling of the biomass, first, from the point of generation or collection to the torrefier, and then from there to the biomass plant. We would hope to see funding focus on new ideas offered to this subject matter to overcome the cost of these processes which *today* substantially outweighs the advantages.

In response to the statement on page 113 regarding air pollution equipment it should be noted that the San Joaquin Valley Air Pollution Control District considers the existing fleet of BACT permitted biomass plants crucial to their ability to meet air quality standards. Without these plants operating and taking in orchard wood waste there would be millions of tons of additional particulate and CO emissions in the Central Valley. There is a place for new technology; however, the existing fleet of biomass plants avoids the open burning of agricultural residue and millions of tons of emissions that would accompany open burning in the fields.

Finally, California's biomass industry, which represents more than half the biomass development activities around the entire United States, would like to amend the statement made on page 54 that "new biopower systems will only be economically sustainable at sizes of smaller than 10 MW." The average facility size in California is 23 MWs, with the largest being 49 MWs and the smallest 1 MW. The average size of facilities that have closed in the last decade has been around 10 MWs, indeed below the state average primarily due to higher operating cost per MW compared to larger plants. On the other hand, the two newest facilities

Comments from the California Biomass Energy Alliance

Subject: EPIC Docket No. 12-EPIC-01

October 1, 2012

Page 3

to be permitted in the state are both coal conversions topping out at 45 MWs each. Larger facilities tend to fare well because they are typically located in areas where the fuel-availability-density is very high and economy of scale is favorable in terms of operating cost. There are still a handful of regions in the state that could support these larger plants. Despite the cost of diesel today and in the foreseeable future, site location and its fuel-availability-density truly defines size optimization. We would suggest deleting your suggested 10 MW goal and instead focus on sizing according to need.

Congratulations to the staff for putting this Draft Plan together in such a thorough and expedited fashion. We look forward to seeing some worthwhile projects that support the biomass industry in the near future.

Sincerely,

A handwritten signature in black ink, reading "Julee Malinowski Ball". The signature is written in a cursive, flowing style.

Julee Malinowski Ball, Executive Director
California Biomass Energy Alliance

JMB/kmg