



Overview of SB 1122 Staff Proposal Rulemaking (R.) 11-05-005



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Presentation Outline

- Renewable Portfolio Standard (RPS) Program Basics and Current Status
- SB 1122: Legislation Overview
- Where does SB 1122 fit within the RPS Program?
- Timeline of events: SB 1122
- Overview of SB 1122 Staff Proposal
- How does ReMAT work?





RPS Program Basics and Current Status

RPS: A market-based program that requires all retail sellers* of electricity to procure increasing amounts of renewable energy through 2020

- The RPS program was established in statute in 2002 and currently requires retail sellers to generate 33% of retail sales from RPS-eligible sources by 2020
- Statutory goals include: displacing fossil fuel use in CA; building new renewable capacity; reducing GHG emissions; reliable operation of the grid; promoting stable retail rates
- The three large IOUs (PGE, SCE, SDGE) generated more than 19.5% of their energy from RPS-eligible sources in 2012

*Retail Sellers: Includes all investor-owned utilities, electric service providers, and community choice aggregators, in addition to the publicly owned utilities.





California's Electric Utility Service Areas



Multiple Utility Service Territories:

- 81% Investor Owned
 - regulated by CPUC
- 19% Municipal

2012 Peak Demand:

- 63,978 MW

2012 Electricity Use:

- 293,033 GWh





SB 1122: Legislation Overview

SB 1122 creates a 250 MW carve-out for new bioenergy facilities within the RPS FIT program.

- SB 1122 (2012) – FIT for Bioenergy
 - **Program Size:** 250 MW
 - WWTP, Food waste, organic waste, codigestion: 110 MW
 - Dairy and Ag Bioenergy: 90 MW
 - Forest Bioenergy: 50 MW
 - **Eligibility:** new projects up to 3 MW
 - **Price:** ReMAT (more on this later)

Note: For the 50 MW of forest biomass, SB 1122 directs the CPUC to determine the allocation of those MWs based on the resource potential from sustainable forest management in fire threat treatment areas, as designated by Cal Fire.





Where does SB 1122 fit within the RPS Program?

RPS Program: 33% of retail sales by 2020

Large-scale Annual RPS RFO
(All sizes, all RPS technologies)

Bi-lateral Contracts
(All sizes, all RPS tech.)

RAM
(3-20 MW,
all RPS technologies)

Utility PV Programs
(2-20 MW,
PV only)

Feed-in Tariff (FIT)
(0-3 MW,
all tech)

SB 1122





Timeline of Events: SB 1122

- **September 2012:** SB 1122 (Rubio) signed into law
- **April 2013:** CPUC staff releases draft consultant study from Black & Veatch titled *Small-scale bioenergy: resource potential, costs, and feed-in tariff implementation assessment*
- **May 2013:** CPUC staff workshop on the draft consultant study
- **June 2013:** Informal written comments filed in response to the workshop and draft consultant study
- **Nov. 19, 2013:** CPUC Administrative Law Judge issued ruling w/questions + Staff Proposal on SB 1122 and final consultant study
- **December 20, 2013:** Party comments due on ruling and staff proposal
- **January 16, 2014:** Reply comments due from parties





Overview of SB 1122 Staff Proposal

- **Interaction w/Existing Feed-in Tariff.** SB 1122-eligible projects must seek a contract pursuant to SB1122 tariff, not the existing FIT which the CPUC has already implemented.
- **Allocation of 250 MW by Utility:**

Utility	Category 1: Wastewater, Food processing, organic waste, codigestion	Category 2: Dairy and other ag bioenergy	Category 3: Forest bioenergy	Share of Statewide Peak Demand
PG&E	30.5	33.5	47	110.78
SCE	55.5	56.5	2.5	114.53
SDG&E	24	0	0.5	24.68
SB 1122 Procurement Targets:	110	90	50	

- **Commence operation:** Limits eligibility to new projects that achieve commercial operation after June 1, 2013.





- **Resource eligibility:** Staff proposes detailed definitions for the statutory resource terms to determine SB 1122 eligibility.
 - Category 1:
 - **Wastewater.** Biogas from wastewater treatment plants.
 - **Food processing.** Biogas from “food manufacturing” activities as defined by NAICS.
 - **Municipal organic waste diversion.** Staff proposes a composite definition based on integrated waste management board regulations.
 - **Codigestion.** Biogas from digestion of multiple substrates or feedstocks, provided the feedstock does not originate primarily from dairy.
 - Category 2:
 - **Dairy.** Bioenergy where more than 80% of feedstock sourced from dairy cattle manure.
 - **Other agricultural.** Staff proposes a definition based on the definition of “agricultural power service” as agreed to by parties in a settlement agreement earlier this year.
 - Category 3:
 - **Byproducts of sustainable forest management.** Proposes adoption of a definition provided to CPUC staff from CAL FIRE staff.
- **Determination of SB 1122 category:** Generators make attestation at the time of application to Feed-in Tariff program.
- **Maintenance of SB 1122 category:** Proposes modifying FIT contract to require annual auditable reporting of fuel sources.





- **Multiple-feedstock facilities:** 80/20 feedstock split proposed.
- **Proposed starting price:** \$124.66/MWh (pre-time of delivery)
- **Proposed price structure:**

		PG&E	SCE	SDG&E
Generation Profile	Baseload	Separate ReMAT	Separate ReMAT	Separate ReMAT
	Peaking	Separate ReMAT	Separate ReMAT	Separate ReMAT
	As-available	Separate ReMAT	Separate ReMAT	Separate ReMAT
SB 1122 Bioenergy Category	(1) Wastewater, food processing, organic waste, codigestion	Separate ReMAT Mechanism to set one statewide Category 1 price		
	(2) Dairy and other agricultural bioenergy	Separate ReMAT Mechanism to set one statewide Category 2 price		
	(3) Byproducts of sustainable forest management	Separate ReMAT Mechanism to set one statewide Category 3 price		

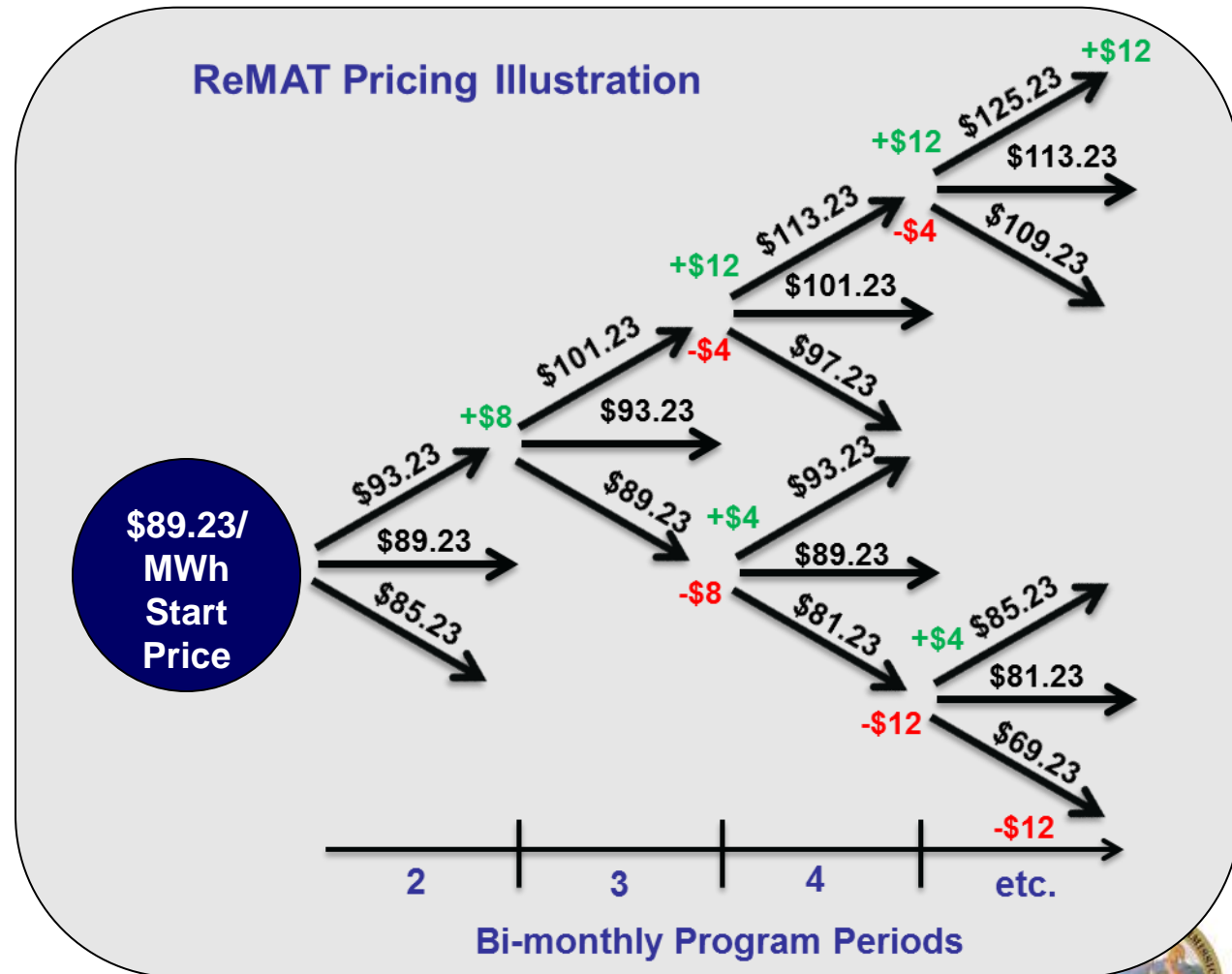




How does ReMAT work?

Key Elements:

- **Current Starting Price:** \$89.23/MWh (pre-TOD)
- **Price Adjusts:** Every two months, price may adjust depending on market subscription levels at the previous offered price.
- **Adjustment:** If conditions for an adjustment are met, price adjusts by +/- \$4, then by +/- \$8, then by +/- \$12 for successive adjustments. Max adjustment = +/- \$12
- **Min. Participants:** Price adjusts only if 5+ projects in a given market segment participate during a period.



For more information, see Section 6 of [D.12-05-035](#)





Thank you!
for additional information:
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or

http://www.cpuc.ca.gov/PUC/energy/Renewables/hot/SB_1122_Bioenergy_Feed-in_Tariff.htm

