

# Supporting Small-Scale Biomass: Senate Bill 1122

FACT SHEET

PACIFIC FOREST TRUST LONG HAS BEEN AN ADVOCATE OF EFFORTS TO RESPONSIBLY UTILIZE CALIFORNIA'S FOREST BIOMASS RESOURCES FOR THE MANY PUBLIC BENEFITS THEY CAN PROVIDE. SENATE BILL (SB) 1122 IS ONE SUCH EFFORT, AND REPRESENTS AN IMPORTANT STEP FORWARD FOR SUSTAINABLE FOREST BIOENERGY IN CALIFORNIA.

**Introduced by** state Senator Michael Rubio (D-16th), SB 1122 promotes electrical generation from small-scale facilities that use renewable biomass feedstocks, such as waste residues from sustainable forest management. Under this program, California utilities will be required to purchase a portion of their generation portfolio from qualifying facilities that begin operations on or after June 1, 2013. By providing a revenue stream for forest management waste residues, SB 1122 will help promote forest restoration, reduce the risks of catastrophic wildfire, and revitalize rural economies.



## Background

Section 399.20 of the California Public Utilities Code requires California utilities to procure up to 750 megawatts (MWs) of renewable electrical generation from small-scale facilities with generation capacities of 3 MWs or less. Senate Bill 1122 amends §399.20 by directing utilities to procure an additional 250 MWs of renewable electrical generation specifically from small-scale facilities that use biomass feedstocks. A megawatt is sufficient to power about 1,000 average U.S. households.

## Promoting the Public Benefits of Bioenergy

While the original language of §399.20 promoted renewable electrical generation from small-scale facilities, there were no explicit requirements that generation come from a specific type of renewable energy. As a consequence, utilities might meet procurement goals by relying solely on a single renewable generation technology, such as wind or solar. By failing to promote a diverse renewable generation portfolio, the §399.20 program risked forgoing the multiple, distinct public benefits that different types of renewable energy can provide.

To guarantee that the §399.20 program secures the many public benefits of bioenergy, SB 1122 requires that a portion of



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California's renewable energy generation arises from small-scale biomass generation facilities. To achieve this, California utilities collectively must procure the following renewable generation by biomass feedstock type:

- 50 MWs from sustainable forest management byproducts;
- 90 MWs from agricultural residues; and
- 110 MWs from dairy gas or other biogas feedstocks.

To ensure the appropriateness of these allocations, the California Public Utilities Commission will work with various state agencies, including the California Energy Commission, Air Resources Board, Department of Forestry and Fire Protection, and Department of Food and Agriculture, to periodically assess and revise these requirements.

### **Payments for Bioenergy Generation**

To comply with the §399.20 program, utilities must offer eligible generation facilities a set price for the renewable energy they generate. This set price is known as a "feed-in tariff," and must be available until California's utilities collectively meet their statewide renewable generation requirements. These prices are established using a mechanism known as the Renewable Market Adjusting Tariff. This approach is based on pricing information from the Renewable Auction Mechanism (RAM), which is a simplified, market-based procurement approach that allows utilities to bid on renewable electricity in an auction format. Bid prices from the RAM program provide the basis for initial feed-in tariff rates, and are periodically adjusted as renewable energy markets fluctuate.

### **Implications**

Failure to diversify renewable energy portfolios can be problematic when considering the wide range of public benefits provided by different types of renewable generation. This is particularly important in context to bioenergy, where the utilization of forest biomass for electrical generation can promote many important public benefits not conveyed by other types of renewable generation, such as forest restoration, rural job creation, and the reduction of catastrophic wildfire. By requiring that a portion of this renewable generation is sourced from small-scale facilities that utilize sustainable biomass, SB 1122 seeks to address this shortcoming of the current §399.20 program.

### **Next Steps**

Going forward, Pacific Forest Trust will be engaged in developing standards for the sustainable development of California's forest biomass resources. This work will include modeling the availability of forest biomass feedstocks and promoting bioenergy pilot projects in the state's 10-million acre Klamath-Cascade region. These efforts will be critical to developing the small-scale forest bioenergy projects targeted through SB 1122.

The California Public Utilities Commission will address the implementation of SB 1122 under rulemaking 11-05-005, an on-going proceeding on California's feed-in tariff program. Pacific Forest Trust is a formal party to this proceeding, and will continue working to ensure the responsible and sustainable development of California's forest biomass resources for the many public benefits they provide: wood, water, wildlife, and well-being.

