

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue  
Implementation and Administration of California  
Renewables Portfolio Standard Program.

Rulemaking 08-08-009  
(Filed August 21, 2008)

**COMMENTS OF CALIFORNIA WASTEWATER CLIMATE CHANGE GROUP  
ON IMPLEMENTATION OF SENATE BILL 32**

CH2M HILL  
Jacqueline Kepke  
155 Grand Ave., Suite 800  
Oakland, CA 94612  
Telephone: 510-206-3820  
Facsimile: 510-622-9053  
Email: [jkepke@ch2m.com](mailto:jkepke@ch2m.com)

For the California Wastewater Climate Change  
Group

Date: March 7, 2011

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Pursuant to the Commission's Rules of Practice and Procedure, the California Wastewater Climate Change Group (CWCCG) submits its opening comments on Administrative Law Judge Simon's Ruling setting the schedule for briefs on implementation of Senate Bill 32, regarding tariffs for purchase of electricity from eligible facilities. CWCCG's mission is to address climate change policies, initiatives, and challenges through a unified voice advocating for California wastewater community perspectives. Many of CWCCG's members provide municipal drinking water services. Perhaps more significantly, CWCCG represents agencies that treat over 90% of the municipal wastewater in California. Processes used by many agencies to treat wastewater produce useful byproducts such as biosolids and biogas that can be used as a steady and reliable source of fuel for renewable energy production.

Wastewater agencies across the state are in the process of developing and implementing renewable energy projects. These projects form a cornerstone of the

distributed generation that will be needed in California to reach RPS goals. While wastewater agencies have traditionally used the electricity generated to power their own operations, they are increasingly finding opportunities to generate excess electricity that can be fed back to the grid.

As the Commission is aware, water and wastewater agencies have had access to a tariff and standard contract since 2008 as a result of AB 1969 (passed in 2006). This legislation and related proceedings recognized that water and wastewater agencies have a unique role to play in both meeting our own power needs through renewable generation, and providing electricity to the grid. Most water and wastewater agencies have facilities and available land located close to load centers that can be used for wind and solar generation with minimal transmission. Wastewater agencies also generate biogas that is or could be used in cogeneration technology and other combined heat and power applications to provide firm renewable electricity, also close to load centers.

Unfortunately, the AB 1969 tariff has not been used extensively. We believe that the primary reason for this is that the price has not been sufficient to truly incentivize renewable generation at water and wastewater facilities. Many wastewater agencies already generate some or all of their electrical power, much of this using biogas, but without an appropriate tariff, there is no incentive to export power. The Market Price Referent, which is based on a combined cycle gas turbine, does not accurately reflect the price of renewable energy generation and is too low to tip the economic balance for publicly-funded wastewater agencies assessing the feasibility of expanding their electricity generation projects to enable them to export to the grid.

CWCCG is neutral on whether a separate tariff for water and wastewater agencies should be maintained or eliminated, and we look forward to working with the Commission to collaboratively address this question. Our primary interests, however, are to ensure that an appropriate price is made available through the tariffs defined by this proceeding, and that the program to implement SB 32 encompasses a diversified portfolio of renewable energy generation technology.

The October 2010 FERC ruling (133 Federal Energy Regulatory Commission Para. 61,059) clearly paved the way for the Commission to consider the actual costs of renewable energy sources and related avoided costs to set feed-in-tariffs rather than linking the price to the avoided cost of building a combined cycle natural gas generator. We urge the Commission, in this proceeding, to establish feed-in-tariffs appropriate to each renewable technology. Current feed-in-tariffs for renewable electricity are not consistent with the actual and avoided costs that investor-owned-utilities (IOUs) are paying as they develop renewable projects. This inconsistency puts renewable distributed generation at an economic disadvantage, and we believe that the single most important thing the Commission can do through this proceeding is to set prices at appropriate levels that recognize real avoided costs and truly incentivize renewable distributed generation. Incentivizing distributed generation for municipal water and wastewater facilities would create jobs and stimulate the State's economy, while at the same time recognizing a renewable source of energy that we can provide here in our own backyard.

With respect to the Commission's other questions, we submit the

following responses:

- CWCCG supports elimination of the “retail customer” requirement.
- CWCCG supports raising the size of eligible facility to 3 MW.
- CWCCG supports raising the program cap to 750 MW.

Finally, we urge the Commission to implement a mechanism that ensures that each technology is fairly promoted within the overall program. We believe that biogas energy has a unique role to play in providing clean, firm-capacity renewable electricity. Biogas power supports electrical grid stability and requires no grid system storage or dispatchable power capacity elsewhere on the transmission system for support with changes in weather. Therefore, we want to ensure that this value is recognized through a specific tariff and/or a set-aside target for biogas electricity within the program cap.

We appreciate the opportunity to engage in this proceeding and work collaboratively toward feed-in-tariffs that appropriately incentivize clean, reliable in-state electricity generation. Please contact the undersigned if you have any questions. We would welcome the opportunity to meet with you to further discuss the wastewater community’s position on these issues.

Respectfully submitted this 7th day of March, 2011 at Oakland, California.

CH2M HILL  
Jacqueline Kepke  
155 Grand Ave., Suite 800  
Oakland, CA 94612  
Telephone: 510-206-3820  
Facsimile: 510-622-9053

By  \_\_\_\_\_

For the California Wastewater Climate  
Change Group

## VERIFICATION

I am a consultant representing the California Wastewater Climate Change Group and am authorized to make this verification on its behalf. I have read the foregoing "Comments of the California Wastewater Climate Change Group on Implementation of Senate Bill 32," and am informed and believe that the matters stated therein are true. I declare under penalty of perjury that the foregoing is true and correct.

Executed this 7th day of March 2011, at Oakland, California.



By: Jacqueline Kepke

## CERTIFICATE OF SERVICE

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I, Jacqueline Kepke, certify that I have, on this date, caused the foregoing "Comments of the California Wastewater Climate Change Group on Implementation of Senate Bill 32," to be served by electronic mail on the parties listed on the Service List for the proceeding in California Public Utilities Commission Docket No. R.08-08-009.

I declare under penalty of perjury, pursuant to the laws of the State of California, that the foregoing is true and correct.

Executed on March 7, 2011 in Oakland, California.



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Jacqueline Kepke



## SERVICE LIST

Proceeding: R0808009 - CPUC - OIR TO CONTI

Filer: CPUC

List Name: LIST

Last changed: March 7, 2011

ab1@cpuc.ca.gov  
abb@eslawfirm.com  
abiecunasjp@bv.com  
abrowning@votesolar.org  
acitrin@prosoliana.com  
AEG@cpuc.ca.gov  
aes@cpuc.ca.gov  
alex.kang@itron.com  
amartin@nextlight.com  
amber@iepa.com  
AMSmith@SempraUtilities.com  
anders.glader@elpower.com  
andre.devilbiss@recurrentenergy.com  
Andrew.Luszcz@glacialenergy.com  
andy.vanhorn@vhcenergy.com  
arno@recurrentenergy.com  
artrivera@comcast.net  
as2@cpuc.ca.gov  
atk4@pge.com  
atrowbridge@daycartermurphy.com  
avege@firstwind.com  
barmackm@calpine.com  
bcragg@goodinmacbride.com  
bepstein@fablaw.com  
bernardo@braunlegal.com  
beth@beth411.com  
bill@fitcoalition.com  
blaising@braunlegal.com  
bobgex@dwt.com  
brbarkovich@earthlink.net  
bruce.foster@sce.com  
bsb@eslawfirm.com  
bwm@cpuc.ca.gov  
BXSZ@pge.com  
c.mentzel@cleanenergymaui.com  
cadowney@cadowneylaw.com  
californiadockets@pacificorp.com  
case.admin@sce.com  
castille@landsenergy.com  
cathy.karlstad@sce.com  
ccasselman@pilotpowergroup.com  
ccollins@Energystrat.com  
cec@cpuc.ca.gov  
cem@newsdata.com  
CentralFiles@SempraUtilities.com  
CentralFiles@SempraUtilities.com  
chad@cenergypower.com  
chestonem@sharpsec.com  
chris.leveriza@glacialenergy.vi  
Christine@consciousventuresgroup.com  
cjm@cpuc.ca.gov  
CKebler@SempraGeneration.com  
claufenb@energy.state.ca.us  
cleni@energy.state.ca.us  
cleni@energy.state.ca.us  
clu@cpuc.ca.gov  
clyde.murley@comcast.net  
cmkehrein@ems-ca.com  
cmmw@pge.com  
CNL@cpuc.ca.gov  
contact@aecaonline.com  
cponds@ci.chula-vista.ca.us  
CPUCCases@pge.com  
cpucdockets@keyesandfox.com  
cpucrulings@navigantconsulting.com  
CRMd@pge.com  
csteen@bakerlaw.com  
cswooliums@midamerican.com

ctd@cpuc.ca.gov  
cte@eslawfirm.com  
ctorchia@chadbourn.com  
cwooten@lumenxconsulting.com  
cynthia.brady@constellation.com  
cynthia.brady@constellation.com  
DAKing@SempraGeneration.com  
Dan.adler@calcef.org  
danielle@ceert.org  
david.oliver@navigantconsulting.com  
davidb@cwo.com  
davidmorse9@gmail.com  
davido@mid.org  
dbodine@libertypowercorp.com  
DBP@cpuc.ca.gov  
dbranchcomb@spi-ind.com  
dcarroll@downeybrand.com  
dcover@esassoc.com  
dennis@ddecuir.com  
Derek@AltaPowerGroup.com  
dgrandy@caonsitegen.com  
dgulino@ridgewoodpower.com  
dhuard@manatt.com  
Diane.Fellman@nrgenergy.com  
dietrichlaw2@earthlink.net  
dkk@eslawfirm.com  
DNiehaus@SempraUtilities.com  
DocToxics@aol.com  
dorth@krcd.org  
dot@cpuc.ca.gov  
Douglas@Idealab.com  
douglass@energyattorney.com  
dsanchez@daycartermurphy.com  
dsaul@pacificsolar.net  
dseperas@calpine.com  
dtownley@infiniacorp.com  
dvidaver@energy.state.ca.us  
dweisz@marinenergyauthority.org  
dws@r-c-s-inc.com  
dwtcpucdockets@dwt.com  
echiang@elementmarkets.com  
ECL8@pge.com  
ed.mainland@sierraclub.org  
ed.smeloff@sunpowercorp.com  
edwardoneill@dwt.com  
eisenblh@email.laccd.edu  
ej\_wright@oxy.com  
ek@a-klaw.com  
ELL5@pge.com  
elvine@lbl.gov  
emello@sppc.com  
erasmussen@marinenergyauthority.org  
e-recipient@caiso.com  
eric.cherniss@gmail.com  
Eriks@ecoplexus.com  
Erin.Grizard@BloomEnergy.com  
farrellytc@earthlink.net  
fderosa@nextlight.com  
fhall@solarelectricsolutions.com  
filings@a-klaw.com  
fortlieb@sandiego.gov  
freesa@thirdplanetwind.com  
fwnoble@WintecEnergy.com  
fyanney@fulbright.com  
garson\_knapp@fpl.com  
GBass@SempraSolutions.com  
george.wiltsee@sce.com  
ggisel@indenergysolutions.com  
GloriaB@anzaelectric.org  
gmorris@emf.net  
GouletCA@email.laccd.edu  
gpetlin@3degreesinc.com  
gtd@cpuc.ca.gov  
gteigen@rcmdigesters.com  
gtrobinson@lbl.gov  
GXL2@pge.com  
hal@rwitz.net  
hanigan@encous.com  
Harry.Singh@RBSSempra.com  
hchronin@water.ca.gov  
hrait@energy.state.ca.us  
HRasool@SempraUtilities.com  
hurlock@water.ca.gov  
HYao@SempraUtilities.com  
igoodman@commerceenergy.com  
imcgowan@3degreesinc.com

info@calseia.org  
j.miles.cox@sbcglobal.net  
jaa@cpuc.ca.gov  
jackmack@suesec.com  
James.Stack@CityofPaloAlto.org  
janet.gagnon@solarworldusa.com  
janice@strategenconsulting.com  
janreid@coastecon.com  
jarmstrong@goodinmacbride.com  
jay2@pge.com  
jcasadont@bluestarenergy.com  
JChamberlin@LSPower.com  
jcolive@bpa.gov  
jeanne.sole@sfgov.org  
Jeff.Hirsch@DOE2.com  
Jeff.Newman@bth.ca.gov  
jeffgray@dwt.com  
jenine.schenk@apses.com  
Jennifer.Barnes@Navigantconsulting.com  
jf2@cpuc.ca.gov  
jgreco@terra-genpower.com  
jim.howell@recurrentenergy.com  
jim.metropulos@sierraclub.org  
jim\_p\_white@transcanada.com  
jjpg@eslawfirm.com  
jkarp@winston.com  
jkern@bluestarenergy.com  
jleslie@luce.com  
jls@cpuc.ca.gov  
jluckhardt@downeybrand.com  
jm3@cpuc.ca.gov  
jmcfarland@treasurer.ca.gov  
jcmahon@8760energy.com  
jmh@cpuc.ca.gov  
jna@speakeasy.org  
jnelson@psrec.coop  
jody\_london\_consulting@earthlink.net  
Joe.Langenberg@gmail.com  
john@deweygroup.com  
john\_dunn@transcanada.com  
johnredding@earthlink.net  
johnspilman@netzero.net  
jon.jacobs@paconsulting.com  
Joni.Templeton@sce.com  
jordan.white@pacificorp.com  
joyw@mid.org  
jp6@cpuc.ca.gov  
jpepper@svpower.com  
jpittsjr@pcgconsultants.com  
jpross@sungevity.com  
jrobertpayne@gmail.com  
jsanders@caiso.com  
jscancarelli@crowell.com  
jsp5@pge.com  
jsqueri@gmsr.com  
jstoddard@manatt.com  
judypau@dwt.com  
juliettea7@aol.com  
jweil@aglet.org  
jwoodruff@nextlight.com  
jwoodwar@energy.state.ca.us  
jzr@cpuc.ca.gov  
kar@cpuc.ca.gov  
Karen.Kochonies@MorganStanley.com  
karen@klindh.com  
kb@enercalusa.com  
keith.mccrea@sablaw.com  
keithwhite@earthlink.net  
kelly.cauvel@build-laccd.org  
kenneth.swain@navigantconsulting.com  
kerry.eden@ci.corona.ca.us  
kerry.hattevik@nrgenergy.com  
kfox@keyesandfox.com  
KHassan@SempraUtilities.com  
kho@cpuc.ca.gov  
kjsimonsen@ems-ca.com  
klatt@energyattorney.com  
kmills@cfbf.com  
kmills@cfbf.com  
kowalewskia@calpine.com  
kristin@consciousventuresgroup.com  
kswitzer@gswater.com  
kswitzer@gswater.com  
ktendy@chadbourne.com  
kwh@cpuc.ca.gov  
kzocchet@energy.state.ca.us

lau@cpuc.ca.gov  
Laura.Genao@sce.com  
Laurie.Mazer@bp.com  
ldri@pge.com  
legal@silveradopower.com  
lechnitz@lumospower.com  
lgonzale@energy.state.ca.us  
liddell@energyattorney.com  
lmh@eslawfirm.com  
lmitchell@hanmor.com  
lpark@navigantconsulting.com  
lsherman@orrick.com  
lterry@water.ca.gov  
luke.dunnington@recurrentenergy.com  
lwisland@ucsusa.org  
lynn@lmaconsulting.com  
m.stout@meridianenergyusa.com  
marcel@turn.org  
marcie.milner@shell.com  
mark.thompson@powerex.com  
martinhomec@gmail.com  
mary@solutionsforutilities.com  
masont@bv.com  
matt.miller@recurrentenergy.com  
matthew@turn.org  
mc3@cpuc.ca.gov  
mcarboy@signalhill.com  
mchediak@bloomberg.net  
mclaughlin@braunlegal.com  
mcmahon@solarmillennium.com  
mday@goodinmacbride.com  
mdeange@smud.org  
mdjoseph@adamsbroadwell.com  
meredith\_lamey@transcanada.com  
mginsburg@orrick.com  
MGML@pge.com  
michael.hindus@pillsburylaw.com  
michael.wheeler@recurrentenergy.com  
michaelboyd@sbcglobal.net  
mike.montoya@sce.com  
mjd@cpuc.ca.gov  
mjs@cpuc.ca.gov  
mkuchera@bluestarenergy.com  
mmazur@3PhasesRenewables.com  
MMCL@pge.com  
mniroula@water.ca.gov  
Morgan.Hansen@MorganStanley.com  
moxsen@calpine.com  
mpa@a-klaw.com  
mpf@stateside.com  
mpo@cpuc.ca.gov  
mpr-ca@coolearthsolar.com  
mpryor@energy.state.ca.us  
mramirez@sflower.org  
mrh2@pge.com  
mrl@cpuc.ca.gov  
mrw@mrwassoc.com  
MWT@cpuc.ca.gov  
Nancy.Norris@powerex.com  
nao@cpuc.ca.gov  
nblack@calbioenergy.com  
ndesnoo@ci.berkeley.ca.us  
nedrayoung@gmail.com  
nellie.tong@us.kema.com  
nes@a-klaw.com  
nicole.fabri@clearenergybrokerage.com  
nil@cpuc.ca.gov  
nlr@cpuc.ca.gov  
norman.furuta@navy.mil  
npedersen@hanmor.com  
nrader@calwea.org  
nxk2@pge.com  
patrick.vanbeek@commercialenergy.net  
paulfenn@local.org  
pbarthol@energy.state.ca.us  
pblood@columbiaenergypartners.com  
pdoughma@energy.state.ca.us  
peter.pearson@bves.com  
pfmoritzburke@gmail.com  
phansch@mofo.com  
phil@reesechambers.com  
pletkarj@bv.com  
pmaxwell@navigantconsulting.com  
psd@cpuc.ca.gov  
pshaw@suntechamerica.com  
pssed@adelphia.net

pstoner@lgc.org  
r.raushenbush@comcast.net  
rafi.hassan@sig.com  
ralf1241a@cs.com  
ramonag@ebmud.com  
rblee@bakerlaw.com  
reg@silveradopower.com  
RegRelCPUCCases@pge.com  
regulatory@silveradopower.com  
renee@gem-corp.com  
renewablegroup@cpuc.ca.gov  
rhardy@hardyenergy.com  
richard.chandler@bp.com  
rick@sierraecos.com  
rick\_noger@praxair.com  
rjgilleskie@san.rr.com  
rkeen@manatt.com  
rkmoore@scwater.com  
rkn@cpuc.ca.gov  
rmccann@umich.edu  
rmiller@energy.state.ca.us  
rmm@cpuc.ca.gov  
ron.cerniglia@directenergy.com  
rresch@seia.org  
rroth@smud.org  
rschmidt@bartlewells.com  
rwalther@pacbell.net  
ryan.heidari@endimensions.com  
S2B9@pge.com  
saeed.farrokhpay@ferc.gov  
sahm@fitcoalition.com  
sam.maslin@recurrentenergy.com  
sara@solaralliance.org  
sas@a-klaw.com  
sdhilton@stoel.com  
sean.beatty@mirant.com  
SEHC@pge.com  
sgallagher@stirlingenergy.com  
sgp@eslawfirm.com  
sha@cpuc.ca.gov  
shani@scvas.org  
shess@edisonmission.com  
sho@ogrady.us

shong@goodinmacbride.com  
SMK@cpuc.ca.gov  
SNelson@Sempra.com  
snuller@ethree.com  
spauker@wsgr.com  
srovetti@sflower.org  
ssmyers@att.net  
sstanfield@keyesfox.com  
stephaniec@greenlining.org  
steveb@cwo.com  
stevegreenwald@dwt.com  
steven@iepa.com  
sue.mara@rtoadvisors.com  
susan.munves@smgov.net  
svn@cpuc.ca.gov  
tam.hunt@gmail.com  
Tashiana.Wangler@PacifiCorp.com  
tbo@cpuc.ca.gov  
tbrunello@calstrat.com  
tburke@sflower.org  
TCorr@SempraGlobal.com  
tdarton@pilotpowergroup.com  
tdillard@sppc.com  
ted@fitcoalition.com  
tfaust@redwoodrenewables.com  
thomase.hobson@ge.com  
Tiffany.Roberts@lao.ca.gov  
tim@marinemt.org  
timea.Zentai@navigantconsulting.com  
tjaffe@energybusinessconsultants.com  
tjl@a-klaw.com  
tkaushik@manatt.com  
tobinjmr@sbcglobal.net  
todd.edmister@bingham.com  
todd.johansen@recurrentenergy.com  
Tom.Elgie@powerex.com  
tom\_victorine@sjwater.com  
tomb@crossborderenergy.com  
tphillips@tigernaturalgas.com  
tpomales@arb.ca.gov  
TRH@cpuc.ca.gov  
TRoberts@SempraUtilities.com  
tsolomon@winston.com

ttutt@smud.org  
varanini@sbcglobal.net  
vidhyaprabhakaran@dwt.com  
vjw3@pge.com  
vsuravarapu@cera.com  
vwood@smud.org  
WBlattner@SempraUtilities.com

wbooth@booth-law.com  
wem@igc.org  
wetstone@alamedamp.com  
Will.Brieger@doj.ca.gov  
wplaxico@axiopower.com  
wwester@smud.org  
ys2@cpuc.ca.gov