

**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)

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

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For the California Wastewater Climate Change  
Group

Date: March 7, 2011

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SENATE BILL 32**

Pursuant to the Commission's Rules of Practice and Procedure, the California Wastewater Climate Change Group (CWCCG) submits its opening brief 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.

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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 "Opening Brief 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 "Opening Brief 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



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