

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



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Order Instituting Rulemaking to Continue)
Implementation and Administration, and)
Consider Further Development, of)
California Renewables Portfolio Standard Program.)
_____)

Rulemaking 15-02-020
(Filed February 26, 2015)

**NOTICE OF EX PARTE COMMUNICATION OF THE
BIOENERGY ASSOCIATION OF CALIFORNIA, PLACER COUNTY AIR POLLUTION
CONTROL DISTRICT, AND WATERSHED RESEARCH AND TRAINING CENTER**

DATED: April 12, 2016

JULIA A. LEVIN
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BIOENERGY ASSOCIATION OF CALIFORNIA, PLACER COUNTY AIR POLLUTION
CONTROL DISTRICT, AND WATERSHED RESEARCH AND TRAINING CENTER**

Pursuant to Rule 8.4 of the Commission’s Rules of Practice and Procedure, the Bioenergy Association of California hereby gives notice of an ex parte communication in this proceeding. The communication occurred in a meeting with Ehren Seybert, Advisor to Commissioner Carla Peterman, on Friday, April 8, 2016 at 11am, at the Public Utilities Commission. The meeting was requested by Julia Levin, Executive Director of the Bioenergy Association of California (BAC). Mr. Seybert and Ms. Levin met in person and the following BAC members participated by phone: Christa Darlington, attorney for the Placer County Air Pollution Control District, Matt Hart, Director of Business Development for West Biofuels, and Angie Lottes, Program Director for the Watershed Research and Training Center Center and co-chair of the Bioenergy sub-group of the Governor’s Tree Mortality Task Force.

The purpose of the meeting was to discuss BAC's proposal to address the BioMAT and interconnection provisions of the Governor's Emergency Proclamation on Tree Mortality, issued October 30, 2015.¹ BAC presented two options to Mr. Seybert:

Option 1:

1. Support the existing tariff language that the "most recent" study is sufficient for BioMAT queue eligibility even if the Rule 21 queue position is no longer active and require the utilities to prioritize Category 3 project interconnection to ensure projects are interconnected within 24 months
2. Maintain the current price adjustment mechanism with two changes:
 - make the price adjustments monthly (instead of every 2 months) and
 - maintain a lower number of bidders at 3, even after the first project accepts a PPA, which would enable the price to move down or up;
3. Do not divide the forest BioMAT category into two separate tracks: SB 1122 already requires that eligible forest waste be from fire threat treatment areas, which largely overlap with High Hazard Zones identified by CalFire.

OR

Option 2:

Offer a fixed price of \$187.72/MWh for the duration of the contract for forest BioMAT projects, with no other changes to the BioMAT tariff.

In the meeting, Ms. Levin gave Mr. Seybert one hand-out that presented these recommendations and the rationale for them, which is attached to this Notice.

No other issues related to this proceeding were discussed.

¹ . The Emergency Proclamation is available at:
https://www.gov.ca.gov/docs/10.30.15_Tree_Mortality_State_of_Emergency.pdf.

DATED: April 12, 2016

Respectfully submitted,

/s/ Julia A. Levin

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VERIFICATION

I am a representative of the non-profit organization herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information or belief, and, as to those matters, I believe them to be true.

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

Executed this 12th day of April, 2016, in San Francisco, California.

/s/ Julia A. Levin

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ATTACHMENT 1
HAND OUT PROVIDED IN MEETING ON
APRIL 8, 2016



**Proposal To Implement BioMAT and Interconnection Provisions of Governor's
Emergency Proclamation on Tree Mortality**

(April 8, 2016)

A. The Bioenergy Association of California Recommends Either:

Option 1:

1. Support the existing tariff language that the "most recent" study is sufficient for BioMAT queue eligibility even if the Rule 21 queue position is no longer active and require the utilities to prioritize Category 3 project interconnection to ensure projects are interconnected within 24 months
2. Maintain the current price adjustment mechanism with two changes:
 - make the price adjustments monthly (instead of every 2 months) and
 - maintain a lower number of bidders at 3, even after the first project accepts a PPA, which would enable the price to move down or up;
3. Do not divide the forest BioMAT category into two separate tracks: SB 1122 already requires that eligible forest waste be from fire threat treatment areas, which largely overlap with High Hazard Zones identified by CalFire.

OR

Option 2:

Offer a fixed price of \$187.72/MWh for the duration of the contract for forest BioMAT projects, with no other changes to the BioMAT tariff.

B. Rationale

1. The Staff Proposal on BioMAT correctly proposed a higher price for forest BioMAT

projects that take fuel from High Hazard Zones, but:

- Higher price does not help unless it is a fixed price for the duration of the contract, as is required by SB 1122; and
- There are not enough small-scale forest biomass projects to create two separate tracks (one for projects in High Hazard Zones and the other for projects outside those zones) in the 50 MW forest category of the BioMAT.

2. The Staff Proposal incorrectly concluded that no changes are necessary to the current interconnection queue requirements for forest BioMAT projects:

- SB 1122, which was enacted because the ReMAT was not working for small-scale bioenergy projects, requires the CPUC to make changes to the ReMAT to reflect the operational characteristics of bioenergy;
- The BioMAT does not have to require project developers to maintain an active interconnection queue position in order to remain in the BioMAT queue, which may be for a year or longer.
- The deposit requirements for forest BioMAT projects are not feasible for a new industry with few market participants, little market experience or access to capital;
- The deposit requirements do not ensure project viability – which is only ensured when the project enters into a PPA – nor do they ensure system reliability.
- The current interconnection deposit requirements are an insurmountable barrier for most or all forest BioMAT projects, which has resulted in the only two projects that were ready to enter the BioMAT queue having been kicked out in early March.