FILED
05-14-12
04:59 PM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's own motion to determine the impact on public benefits associated with the expiration of ratepayer charges pursuant to Public Utilities Code Section 399.8.	R.11-10-003

COMMENTS OF WASTE MANAGEMENT ON THE PROPOSED PHASE 2 DECISION ESTABLISHING PURPOSES AND GOVERNANCE FOR ELECTRIC PROGRAM INVESTMENT CHARGE AND ESTABLISHING FUNDING COLLECTIONS FOR 2013-2020

May 14, 2012

Charles White
Director of Regulatory Affairs, West
Waste Management
915 L Street, Suite 1430
Sacramento, CA 95814
Phone: 916.552.5859
Fax: 916.448.2470
E-mail: cwhite1@wm.com

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's own motion to determine the impact on public benefits associated with the expiration of ratepayer charges pursuant to Public Utilities Code Section 399.8.	R.11-10-003

COMMENTS OF WASTE MANAGEMENT ON THE PROPOSED PHASE 2 DECISION ESTABLISHING PURPOSES AND GOVERNANCE FOR ELECTRIC PROGRAM INVESTMENT CHARGE AND ESTABLISHING FUNDING COLLECTIONS FOR 2013-2020

I. INTRODUCTION

Waste Management (WM) respectfully submits its comment on the Phase 2 Proposed Phase 2 Decision establishing purposes and governance for electric program investment change and establishing funding collections for 2013-202, related to the programmatic and governance issues for the Electric Program Investment Charge (EPIC) program.

WM is the leading provider of comprehensive waste management and environmental services in North America. The company serves approximately 20 million municipal, commercial, industrial and residential customers through a network of 390 collection operations, 294 transfer stations, 266 active municipal solid waste (MSW) landfill disposal sites, 17 waste-to-energy (WTE) power plants, 121 recycling facilities, 34 organic processing facilities and 131 beneficial- use

landfill gas projects. Many of these facilities operate in California. As of September 2010, WM had 124 projects that use landfill gas for fuel; these projects account for over one-quarter of all landfill gas-to- energy sites in the United States. Installed capacity has reached almost 600 megawatts.

WM, through its subsidiary Wheelabrator Technologies, operates the Wheelabrator Shasta Energy facility that is one of northern California's most modern, independent wood-fired power plants. The facility has a generating capacity of 58 MW and processes 750,000 tons of mill waste and forest residues from Shasta County and surrounding areas. The plant produces more than 375 million kWh of electricity per year for sale. Facility design includes three independent wood- burning units, comprised of state-of-the-art wood-fired traveling grate furnaces with utility-type high-pressure boilers.

In addition to the comments we provided here, we support the comments filed jointly on behalf of the California Biomass Energy Alliance, The Green Power Institute, The California Forestry Association and Wheelabrator Technologies with relation to biomass facilities and the necessity of providing EPIC funds in support of biomass feedstocks.

II. RESPONSE TO OVERALL PLAN FOR DISTRIBUTION OF EPIC FUNDS

WM Supports Policy and Principals Of the Proposed Decision

WM generally supports the underlying directive of the Proposed Decision (PD) that expends funds generated by the Energy Program Investment Charge

(EPIC) on development of clean and alternative energy programs, including renewable energy, that benefit the ratepayer. We are particularly interested in and support use of funds for applied research and development, and technology demonstration and deployment projects that can be used in development of biogas, biomethane and waste conversion technologies. Development of energy generation technologies that utilize waste can reap significant benefits for individual ratepayers and the state as a whole.

We support the set aside of 20% of funds used for technology demonstration to be targeted at bioenergy project demonstration. Furthermore, we believe the PD provides an opportunity for EPIC funding to advance research, development, demonstration and deployment of alternative conversion technologies to convert biomass to useful energy.

WM Opposes the Decision to End Support for Existing Biomass Facilities

We urge reconsideration of the decision to halt funding of programs that support existing biomass facilities. The PD incorrectly assumes existing market support exists to keep biomass facilities operating. In fact, the dismantling of the Public Goods Charge without continuation of similar support through EPIC will result in closing existing biomass facilities and making less biomass fuel available for those facilities that continue operation. As detailed by our prior comments and those submitted by the Joint Comments of The California Biomass Energy Alliance, et. al., the lack of funding for the state's existing biomass industry will have a

significant negative impact on California's ratepayers, the state's energy supply, its environment and workforce.

The EPIC program was created by the Commission to continue valuable benefits conferred by the Public Goods Charge upon renewable energy generators, including the PGC's approximately $16 million per year of support for biomass facilities. California ratepayers received significant benefit from the PGC's program for biomass because it maximized ratepayers' renewable energy production, enhanced their environment, created jobs and provided more efficient and effective waste-disposal services. The EPIC program was designed to continue that good work. Instead, the Commission announced its intention to ignore the benefits and stop its support for existing biomass generators.

We urge the Commission to reconsider. EPIC funds can and should be directed to programs that keep existing biomass capacity stable and ensure that ratepayers incur the benefits of electricity derived from biomass, including programs that aide in the removal of biomass waste. These programs not only benefit the ratepayer, but also improve the health of our forests and tap into the waste biomass produced by California's agricultural industry. We urge the Commission to redirect a portion of funds from other EPIC programs to support development of biomass removal programs that will result in continued operation of existing biomass facilities that produce clean, renewable electricity for California's ratepayers.

III. CONCLUSION

Biomass, biogas, biomethane, and conversion technologies present significant benefits for California ratepayers. We support the PD in its funding of research, development, demonstration and deployment for these renewable technologies that can generate energy from what otherwise is left to rot. However, the PD's abandonment of programs that support existing biomass is wrong and will have a disastrous effect on an important renewable resource that provides significant ratepayer benefits.

Please contact me if you have questions about these comments or require further information. WM looks forward to further participation in this process.

Respectfully submitted,

/s/ Charles White

CHARLES WHITE
Director of Regulatory
Affairs, West
Waste Management
915 L Street, Suite 1430
Sacramento, CA 95814
Phone: 916.552.5859
Fax: 916.448.2470
E-mail: cwhite1@wm.com

May 14, 2012