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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues.	Rulemaking 10-05-004 (Filed May, 6, 2010)

RIGHTCYCLE PETITION FOR MODIFICATION OF D.11-09-015

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Pursuant to Rule 16.4 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), RightCycle LLC respectfully submits this Petition for Modification ("Petition") of Decision 11-09-015, which created the new Self-Generation Incentive Program.

RightCycle is a consulting company focused on renewable energy policy in California, other states and on federal policy. More information on RightCycle may be found at http://www.rightcycle.com/.

In summary, RightCycle is petitioning the Commission for modification of D.11-09-015, which implemented SB 412's changes to the Self-Generation Incentive Program (SGIP), in order to allow the "biogas adder" to apply to pressure reduction turbines (PRT). This change brings the decision in line with the underlying rationale of the biogas adder – to promote the use of biogas in California and to reduce greenhouse gas emissions. As is, PRTs receive no biogas adder at all even if 100 percent biogas is used to create the pressure that drives the turbine.

I. Discussion

D.11-09-015 ("the decision") implemented SB 412 and made a number of changes to the SGIP. In particular, the Decision provided a biogas adder of $2 per watt for combined heat and power (CHP) facilities and fuel cells that use biogas. (Decision, p. 3). Footnote 5 on page 3 clarifies: "Note that the biogas incentive is an adder that may be used in conjunction with fuel cells or any conventional CHP technology." This adder is additional to the 50 cents per watt that conventional CHP facilities receive if they don't use biogas, so the total incentive can be up to $2.50 per watt.

Pressure reduction turbines (PRT) are not eligible for the biogas adder and receive, instead, an incentive of $1.25 per watt. PRTs are classified as "Renewable and Waste

Heat Capture," separate from the "Conventional Fuel-based CHP" category. Biogas is listed as an "Emerging Technology," but is explicitly available as an additional adder for fuel cells and conventional CHP facilities, as footnote 5 states.

No rationale is offered in the decision as to why the biogas adder only applies to fuel cells and conventional CHP, and not to PRTs or other technologies that are capable of using biogas. Nor does the SGIP Handbook offer any rationale.

The Decision states, with respect to including PRTs in SGIP (p. 18):

> Staff recommends that PRTs or "in-conduit hydro" and organic-rankine cycle plants be included in the SGIP. Staff notes that these technologies are consistent with the goals of the program.
>
> We agree that PRTs – which do not require fuel – do reduce GHGs and can also reduce peak load. Because they require little or no additional fuel for generation, waste heat to power units are also considered renewable for purposes of determining the appropriate SGIP incentive levels. Including PRT and waste heat to power technologies in the SGIP will help promote these technologies as viable options for clean DG and achieve the market transformation goal articulated above.

A key issue in this quote, however, is the statement that PRTs "do not require fuel." It is <u>technically correct</u> that the PRT itself does not require fuel, but any heat or pressure production system that includes a PRT <u>does indeed require fuel</u>. And in the case of many entities wishing to install PRTs, biogas could be used to create the required pressure <u>if biogas use is incentivized appropriately</u>.

Moreover, under the Decision's reasoning, CHP facilities should not be considered to use fuel either, because both turbine types use waste energy to generate power, heat energy in the case of CHPs and waste pressure in the case of PRTs. The technologies are different but <u>the underlying concept is the same:</u> using energy more efficiently by avoiding waste. In other words, both the steam used for process heat, and to power the PRT, which scavenges (recovers) what would have been waste pressure, may be created from renewable biogas versus a standard natural-gas fired boiler. Accordingly, it seems that the biogas adder should indeed apply to PRTs as well as

CHP and fuel cells. Without a biogas adder for PRTs there is no incentive for entities to use biogas to create heat or pressure when PRTs are being used, and this seems to contradict the intent of the Decision and SB 412.

II. Showing under Section 16.4(e)

RightCycle was not a party to this proceeding when the Decision was issued. Section 16.4(e) or the Commission's Rules of Practice and Procedure state that in such cases "the petition must state specifically how the petitioner is affected by the decision and why the petitioner did not participate in the proceeding earlier."

RightCycle was not a party to this proceeding until now because RightCycle has previously been focused on feed-in tariff and interconnection policy. New initiatives have arisen, however, requiring that RightCycle focus some attention on the new SGIP under D.11-09-015. In particular, RightCycle is now working with a number of parties to improve the policy situation for biopower, which has been stagnant in California for twenty years while at the same time solar and wind power have progressed relatively well.

Accordingly, we request that the Commission permit RightCycle to submit this Petition for Modification at this time as part of our broader effort to improve California's ability to utilize its very substantial biopower potential.

III. Conclusion

RightCycle requests that the Commission modify D.11-09-015 and the SGIP Handbook to allow PRTs to be eligible for the $2 per watt biogas adder, which is currently available only for conventional CHP and fuel cells.

Respectfully submitted,

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