

From: Allen, Meredith
Sent: 7/15/2010 6:11:18 PM
To: 'Kamins, Sara M.' (SMK@cpuc.ca.gov)
Cc:
Bcc:
Subject: Green Attributes STC Question

Sara,

Attached is our response to your question on the Green Attributes STC. Please let me know if you need additional information or have questions.

Thanks,
Meredith

I'm wondering if PG&E has ever interpreted the Green Attributes STC which says:

If the Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project.

Specifically, do you have a calculation that a seller must use to determine how many offsets it should not sell in order to ensure that the generation project remains net zero emissions?

Response:

We do not have a calculation because the energy that we are purchasing from biomass projects is not generating any offsets and we understand that the energy that we are purchasing from biogas projects is already zero net emitting and thus neither type of project requires a calculation in order to “ensure that there are zero net emissions associated” as set forth in the Green Attributes STC.

This interpretation is consistent with the Intergovernmental Panel on Climate Change (IPCC) and U.S. EPA reporting requirements. The IPCC, EPA, and ARB reporting rules agree that biogenic emissions (arising from biogas and biomass) should be counted separately or not counted in determining emissions totals or thresholds. Please note that EPA has indicated that it intends to review the nature of biomass emissions in the recently released EPA tailoring rule. ARB has not yet issued guidance on the treatment of biomass and biogas emissions under an AB 32 cap-and-trade scheme, although biomass-based emissions and biogas are distinguished from fossil-fuel based emissions in ARB’s Mandatory Reporting Rule.

The IPCC, EPA, and ARB requirements can be found at:

- IPCC Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories, p.5.10, fn. 4, available at http://www.ipcc-nggip.iges.or.jp/public/gp/english/5_Waste.pdf.
- EPA Mandatory Reporting of GHG Final Rule, available at <http://www.epa.gov/climatechange/emissions/downloads09/GHG-MRR-Full%20Version.pdf>.
- EPA Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Final Rule (discussion of EPA's intention to review the nature of biomass emissions found on pp. 422-423), available at <http://www.epa.gov/nsr/documents/20100413final.pdf>.
- ARB Mandatory Reporting of GHG Rule, available at <http://www.arb.ca.gov/regact/2007/ghg2007/frofinal.pdf>.

Additionally, the ClimateSmart program does not determine the number of offsets needed to ensure that sellers of renewable energy maintain zero net emissions as the ClimateSmart program is only purchasing offsets and specifically excludes RECs (including any embedded "Green Attributes") from the product purchased for ClimateSmart.