

**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 11-05-005  
(Filed May 5, 2011)

**REPLY COMMENTS OF THE LARGE-SCALE SOLAR ASSOCIATION  
ON THE PROPOSED DECISION OF ALJ SIMON IMPLEMENTING NEW  
PORTFOLIO CONTENT CATEGORIES FOR  
THE RENEWABLES PORTFOLIO STANDARD PROGRAM**

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November 01, 2011

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The Large-scale Solar Association (“LSA”) respectfully submits these reply comments on the Administrative Law Judge’s Proposed *Decision Implementing Portfolio Content Categories for the Renewables Portfolio Standard Program* (“Proposed Decision” or “PD”). These reply comments focus on a single issue - the PD’s apparent determination that RPS-eligible generation facilities that are either directly interconnected to a California Balancing Area (“BA”), schedule into a California BA without substituting electricity, or dynamically transfer their output to a California BA could be presumed to use pipeline biomethane and, thereby, produce an electricity product meeting the criteria of Public Utilities Code section 399.16(b)(1), as adopted in Senate Bill 2 (1<sup>st</sup> Extraordinary Session, “SBx1 2”). LSA supports the opening comments of The Utility Reform Network (“TURN”) on the pipeline biomethane issue. Similarly, LSA urges the Commission to classify the output of generation facilities that have contracted for pipeline biomethane under section 399.16(b)(3).

As TURN notes in its comments, the purchase of pipeline biomethane is similar to the purchase of a renewable energy credit; the product that is traded in a pipeline biomethane

transaction is effectively the environmental attribute of the biomethane fuel. Counting pipeline biomethane transactions under section 399.16(b)(1) essentially permits the output of existing gas-fired generators to be reclassified as renewable generation without any change to the facilities' inputs or operations. This is contrary to the definition of a "renewable electrical generation facility", which requires that the facility "use[] biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current." Thus, the generation from a facility could only be classified as RPS-eligible if the RPS-eligible fuel is used at the facility. The determination of use is an important and necessary element of the generation's classification under the categories described in section 399.16.

The category structure laid out in section 399.16 was intended to ensure that the majority of RPS procurement was focused on products that provide the most benefits to California and, therefore, the highest value to ratepayers. SBx1 2 enumerates the benefits of the RPS program in section 13 (Public Utilities Code section 399.11(b)). As TURN describes in its comments, pipeline biomethane does not displace in-state fossil fuel consumption, does not reduce local air pollution, does not add any new generating capacity to California (or the larger Western Electricity Coordinating Council), nor does it assist with meeting local or statewide Resource Adequacy requirements. Thus, classifying pipeline biomethane purchases as generation meeting the requirements of section 399.16(b)(1) undermines the legislative intent in crafting the categorization of different RPS eligible products.

Pipeline biomethane purchases are akin to purchasing the renewable attributes of generation as unbundled RECs, particularly because such purchases can be used to tag existing

conventional generation as renewable without any change to the inputs, operations, or outputs of the facility. Thus, the Commission's RPS rules should treat these transactions as unbundled REC transactions, which fall under section 399.16(b)(3).

## **CONCLUSION**

For the reasons stated above, LSA respectfully requests that the Commission designate pipeline biomethane transactions as providing electricity products categorized under section 399.16(b)(3).

Dated: November 01, 2011

Respectfully Submitted,

/s/ Shannon Eddy

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## VERIFICATION

I, Shannon Eddy, am the Executive Director of the Large-scale Solar Association. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of *Reply Comments of the Large-scale Solar Association on the Proposed Decision of ALJ Simon Implementing New Portfolio Content Categories for the Renewables Portfolio Standard Program* are true of my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

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

Executed on November 01, 2011 at San Francisco, California.

/s/ Shannon Eddy \_\_\_\_\_

Shannon Eddy

Executive Director, Large-scale Solar Association