



COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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Meeting to Discuss Inclusion of Unbundled Renewable Energy Credits Associated with In-State Generation in Portfolio Content Category One

Los Angeles County Sanitation Districts
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Introduction to LA County Sanitation Districts

- What we do
 - Manage solid waste and wastewater for 5.4 million people
 - Generate 125 MW from waste sources
 - Since 1938, LACSD has developed innovative renewable generation, including QF resources, wholesale sales, and self-generation
- LACSD has an Energy Management Policy that aims to:
 - Maximize development of biogas resources
 - Minimize procurement costs
 - Demonstrate new technologies that reduce air emissions
 - Minimize energy usage

The Problem

- Uncertainty about the status of RECs from in-state facilities that use some energy on site has stalled potential transactions.
- With greater certainty about the Bucket 1 status of these transactions, LACSD and other wastewater agencies can justify additional innovative projects.
 - Most wastewater agencies' projects are less than 20 MW and can help meet the State's goal of constructing 12,000 MW of renewable distributed generation, in addition to contributing to RPS goals.
 - CEC report found that renewable energy generation from wastewater biogas has significant growth potential, up to 95 MW for wastewater alone and up to 450 MW through codigestion of grease, food and dairy waste with wastewater solids.

The Solution

- Unbundled RECs from in-state renewable generation should be included in Bucket 1.
- In-state renewable generation that is consumed on the site of the resource provides the same benefits as other Bucket 1 transactions:
 - Reduced in-state combustion of fossil fuels
 - Decreased reliance on imported energy from high-GHG emitting plants
 - Improved diversification of fuel supply for electric generation
 - Local jobs
 - Less transmission congestion and improved reliability in local areas
 - Can provide Resource Adequacy capacity
- The definitions of the portfolio content categories for Bucket 1 focus on interconnection and delivery details and do not limit Bucket 1 to bundled products.
- Bucket 3 is a residual category, for “Eligible renewable energy resource electricity products . . .that do not qualify under the criteria of paragraph (1) or (2).”
- Some facilities use part of their generation on site and sell the remainder at wholesale. There is no physical difference between these two transactions, and no logical reason to treat the RECs associated with the two transactions differently.
- The best, most logical reading of the statute supports classifying unbundled RECs from in-state renewable generation as Bucket 1 transactions, regardless of nature of the transaction in which they are sold.