

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Integrate
and Refine Procurement Policies and
Consider Long-Term Procurement Plans

Rulemaking R-12-03-014

**REPLY COMMENTS OF THE GREEN POWER INSTITUTE
ON TRACK 3 RULES ISSUES**

November 30, 2012

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Introduction

Pursuant to the *Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge*, dated May 17, 2012, and the October 4, 2012, email of ALJ Gamson modifying the due date, the Green Power Institute (GPI) respectfully submits this *Reply Comments of the Green Power Institute on Track 3 Rules Issues*, in R.12-03-014, the **Order Instituting Rulemaking to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans**.

Our *Reply* is focused on a single issue from the parties' *Comments* that we believe needs to be addressed: the quality and usability of offsets related to reductions in emissions of biogenic greenhouse-gas emissions attributable to bioenergy production in California. In discussing the issue of using these kinds of offsets as compliance instruments, the California Environmental Justice Alliance argues:

Actual emission reductions are also a better, less risky way to meet the goals of AB 32 than offsets. CARB envisions that offsets may come from projects such as livestock manure projects, reducing ozone depleting substances, and forest projects. The GHG impact of these projects is controversial and has been challenged. Real questions have arisen as to whether these offsets should count as GHG reductions at all. To avoid relying on these risky and problematic offsets, utilities should evaluate how to reduce emissions so they do not need compliance products in the first place (*Comments* of CEJA, pg. 5).

We completely agree with CEJA that actual emissions reductions are the preferred means to meet the requirements of AB 32, superior to either allowances or offsets. However, we take issue with their characterization of offsets from biomass and biogas energy generators as especially risky or problematic. It is true that the greenhouse-gas impact of bioenergy projects has been “challenged” in the ongoing public debate, but the fact that they have been challenged does not mean that we ought to decide now that they should

not “count as greenhouse-gas reductions at all.” It simply means that the science needs to be settled before determinations are made. The fact is that currently there are no protocols in place in California, or even under active consideration, that would award offsets for reductions in biogenic greenhouse-gas emissions associated with bioenergy production.

The topic of the greenhouse-gas implications of bioenergy has been under active study in the scientific and policy communities for some time, most recently under the auspices of the EPA, which convened a Science Advisory Board (SAB) to review their Framework document on biogenic carbon emissions. The SAB released its final report in October, 2012. Among its findings is that the production of energy from the kinds of wastes and residues that make up 85 – 90 percent of the biomass fuel supply in California is clearly carbon neutral, and provides for reductions in biogenic carbon emissions compared with the alternative disposal of these materials, and the remaining 10 – 15 percent of the fuel supply is probably in the same category. Under the Clean Air Act the EPA recently enacted the Tailoring Rule, which regulates emissions of CO₂ and other greenhouse gases from stationary sources. The rule went into effect for fossil-carbon emissions in 2011, and the agency has until July, 2014, to decide how to handle biogenic-carbon emissions. This is an enormously complex topic, and there is no need for this Commission to come to any conclusions at all on this topic at this point in time.

Offset protocols are in the purview of the ARB, which designed and administers the state’s greenhouse-gas cap-and-trade program. They are not under this Commission’s jurisdiction. If and when the ARB decides to consider whether, and under what circumstances, to certify the creation of offsets for reductions in biogenic greenhouse-gas emissions associated with bioenergy production, that will be the forum in which to address and litigate the issues.

We note that should the ARB develop a protocol for granting offset credits for bioenergy generators who can demonstrate real net reductions in biogenic CO₂ emissions, those offsets, which would be generated in California, in our opinion would be of higher quality

and reliability than some of the offsets that may be claimed for projects that are located halfway around the world, and may be of dubious quality or reliability. Again, though, it is not within this Commission's jurisdiction to determine the qualification or quality of an offset. That is under the jurisdiction of the ARB.

Dated November 30, 2012, at Berkeley, California.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Gregory Morris", is written over a horizontal line.

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