

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

Order Instituting Rulemaking to Address Natural Gas
Distribution Utility Cost and Revenue Issues Associated
with Greenhouse Gas Emissions

Rulemaking 14-03-003
(Filed April 10, 2014)

**PREHEARING CONFERENCE STATEMENT OF
BIOENERGY ASSOCIATION OF CALIFORNIA**

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The Bioenergy Association of California (BAC) respectfully submits this Prehearing Conference Statement on the Order Instituting Rulemaking (issued March 19, 2014). BAC represents numerous private companies, public agencies and local governments involved in the development and use of renewable natural gas, and therefore has an interest in the issues raised in the Order Instituting Rulemaking.

Renewable natural gas (biomethane) is a low-carbon alternative to fossil fuel natural gas that is produced from the decomposition of organic waste. Biomethane can be produced from organic waste that would otherwise be landfilled, helping California to meet its 75 percent waste diversion goal and reducing greenhouse gas emissions associated with landfilling. Biomethane can also be produced from wastewater treatment facilities, dairy and agricultural waste, food and food processing waste, yard and construction waste, and more. Transportation fuels derived from biomethane are the lowest carbon fuels available, sometimes carbon negative according to

the Air Resources Board, and an important means to meet California's Low Carbon Fuel Standard.

Biomethane can help the gas utilities to meet their AB 32 compliance obligation by reducing their own emissions and providing a source of carbon offset credits. We urge the Commission, therefore, to expand the scope of this Rulemaking to include consideration of the following issues related to biomethane development and distribution:

1. Assess the potential for the gas utilities to use biomethane to reduce their own emissions, as use as a vehicle fuel, power source or otherwise.
2. Assess the potential for pipeline biomethane to replace fossil fuel gas provided by the utilities, and the resulting greenhouse gas reductions.
3. Allocate a portion of revenues from the gas utilities' sale of allowances to facilitate testing, monitoring, interconnection and other costs of pipeline biomethane.
4. Assess the potential for the gas utilities to provide biomethane in place of fossil fuel gas to their end users that are large emitters to help those end users meet their own compliance obligations.
5. Assess the potential for the gas utilities to purchase carbon offset credits from projects that produce biomethane and to help encourage adoption of additional offset protocols and pathways for projects that produce biomethane.
6. Include discussion of the greenhouse gas reductions and public health benefits of biomethane, and any steps that gas utilities are taking to provide renewable natural gas in place of fossil fuel gas, in the gas utilities' outreach and education efforts.

We urge the Commission to consider the use of cap and trade revenues to facilitate development and distribution of biomethane to help the gas utilities and the state generally to meet the goals of AB 32.

Respectfully submitted,

/s/ Julia A. Levin

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VERIFICATION

I am a representative of the non-profit organization herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information or belief, and, as to those matters, I believe them to be true.

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

Executed this 10th day of April, 2014 in Sacramento, California.

/s/ Julia A. Levin

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