

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

Order Instituting Rulemaking to Continue	)	Rulemaking 15-02-020
Implementation and Administration, and	)	(Filed February 26, 2015)
Consider Further Development, of	)	
California Renewables Portfolio Standard Program.	)	
<hr/>		

**BIOENERGY ASSOCIATION OF CALIFORNIA'S COMMENTS ON  
ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING SUPPLEMENTAL  
COMMENT ON INTERCONNECTION ISSUES RELATED TO THE  
BIOENERGY FEED-IN TARIFF UNDER THE CALIFORNIA RENEWABLES  
PORTFOLIO STANDARD AND STATING INTENTION TO TAKE OFFICIAL  
NOTICE OF DOCUMENTS**

DATED: May 25, 2016

JULIA A. LEVIN  
Executive Director  
Bioenergy Association of California  
PO Box 6184  
Albany, CA 94706  
510-610-1733  
jlevin@bioenergyca.org

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

Order Instituting Rulemaking to Continue	)	Rulemaking 15-02-020
Implementation and Administration, and	)	(Filed February 26, 2015)
Consider Further Development, of	)	
California Renewables Portfolio Standard Program.)	)	
_____	)	

**BIOENERGY ASSOCIATION OF CALIFORNIA’S COMMENTS ON  
ADMINISTRATIVE LAW JUDGE’S RULING REQUESTING SUPPLEMENTAL  
COMMENT ON INTERCONNECTION ISSUES RELATED TO THE  
BIOENERGY FEED-IN TARIFF UNDER THE CALIFORNIA RENEWABLES  
PORTFOLIO STANDARD AND STATING INTENTION TO TAKE OFFICIAL  
NOTICE OF DOCUMENTS**

The Bioenergy Association of California (BAC) submits these Comments on the Administrative Law Judge’s request for supplemental comments on BioMAT interconnection issues. BAC is very grateful to the Commission for considering BAC’s proposed alternative to the Energy Division Staff Proposal on interconnection for forest BioMAT projects under the Governor’s Emergency Proclamation.<sup>1</sup> Meeting the requirement of the Emergency Proclamation to expedite interconnection for new forest

---

<sup>1</sup> Governor Brown’s Emergency Proclamation on Tree Mortality, available at: [https://www.gov.ca.gov/docs/10.30.15\\_Tree\\_Mortality\\_State\\_of\\_Emergency.pdf](https://www.gov.ca.gov/docs/10.30.15_Tree_Mortality_State_of_Emergency.pdf).

bioenergy projects will require changes to the current BioMAT tariff. Those changes would be necessary even without the Emergency Proclamation, but the Emergency Proclamation makes the changes more urgent.

While price and other issues are not the focus of these Comments, BAC does want to reiterate that meeting the requirements of the Governor's Emergency Proclamation will require a higher price for forest BioMAT projects than in the Staff Proposal, in addition to expedited interconnection.<sup>2</sup> Expedited interconnection by itself will not accelerate forest BioMAT projects as called for in the Emergency Proclamation, but it would address one of the two major barriers to forest BioMAT projects. Contract price is the other critical issue that must be addressed to meet the requirements of the Emergency Proclamation.

BAC's proposal to expedite forest BioMAT interconnection would allow project developers to step out of the interconnection queue while they are waiting in the BioMAT queue. Requiring developers to continue to monitor the interconnection queue and update their interconnection studies upon receiving a PPA would ensure that this proposal does not adversely affect the interconnection queue. BAC also proposes several ways to ensure project viability – which the current interconnection queue requirements do not do – and the proposal would save ratepayers money by reducing risks and the costs of capital. Most importantly, BAC's proposal would expedite interconnection for forest BioMAT projects that meet the requirements of the Governor's Emergency Proclamation and would therefore protect public safety and important infrastructure, including utility and energy infrastructure, the state's water supplies and more, which are the goals of the Emergency Proclamation.

BAC's more detailed responses to the specific questions in the Administrative Law Judge's Ruling are below.

### **Question 1. Effect on Rule 21 and the Wholesale Distribution Access Tariff.**

---

<sup>22</sup> BAC, Placer County Air District and Phoenix Energy Comments on the Staff Proposal to Implement the Governor's Emergency Proclamation, filed on February 26, 2016.

The BAC interconnection proposal seeks to make no changes to the Rule 21 or WDAT process; only to the BioMAT framework. The changes to the BioMAT eligibility requirement are intended to reduce the substantial project development risk required for BioMAT participation that results from the requirement to maintain an active interconnection queue position while waiting in the BioMAT queue. Although the BioMAT tariff does not require this, the utilities' interpretation of the existing tariff, and the Energy Division Staff Proposal from February 2016, have added this significant – and sometimes insurmountable – hurdle to BioMAT projects. Given the potential high costs of interconnection associated with rural facilities, this issue is unique to BioMAT projects, and the most challenging for forest and dairy projects, which are also among the more expensive BioMAT projects and, therefore, will have to wait the longest in the BioMAT queue before the price increases enough to obtain a PPA. This barrier to BioMAT projects can be addressed by clarifying or amending the BioMAT tariff, as described below and in the attached redline version of the tariff, without any changes to Rule 21 or the WDAT.

**Question 2. Additional screens to ensure project viability.**

The current requirement to maintain an active interconnection queue position does not ensure project viability. Project viability is not ensured until the project enters into a Power Purchase Agreement, so the single most important way to ensure project viability is to offer a high enough power purchase price that projects can accept. The Commission could also consider other factors that demonstrate project viability such as:

- a. obtaining state or federal grants, since granting agencies must exercise due diligence in reviewing projects and their proponents,
- b. payment of fees required for preparation of the System Impact Study,
- c. obtaining land use, environmental quality and other permits,
- d. partnerships with local governments or public agencies.

BAC understands that the requirement of an active interconnection queue is principally to address the concerns that:

1. Projects must be commercially operational, and therefore interconnected, within 24 months of PPA execution; and
2. Additional later-queued generation may materially impact the cost of interconnection

For the first concern, the timeline for interconnection is completely dependent on the utility and therefore beyond the control of the project development team. If the project development team must build the balance of the project in 24 months, it is reasonable to expect that the project can be interconnected in that timeframe as well.

For the second concern, requiring BioMAT participants to monitor the interconnection queue would be far more effective than simply paying the interconnection queue deposit requirements. Specifically, BAC recommends that project development teams be required to monitor the queued generation on their distribution circuit to see if other projects come online. This can be done with regular pre-application report requests. This process is 1) more cost effective for project teams and 2) does not clog the Rule 21 interconnection queue by forcing BioMAT projects to remain in the queue while waiting for a PPA.

**Question 3. Potential effects on the ability of BioMAT projects to meet their contractual commercial online date.**

BAC's proposal for interconnection should have no impact on projects' ability to meet their commercial online date. The project interconnect schedule is set and maintained by the Utility and represents the only component of project development that is beyond the control of the project development team. Overall, interconnection is a small part of the total project and it is unreasonable for this small portion of work to take longer than the rest of the project. If the development team is expected to build the entire project within 24 months, it is reasonable to expect the Utility to perform the required interconnection work within the same timeframe.

**4. Compare the potential impact on the administration of the BioMAT program of the BAC interconnection proposal to the Staff Proposal on interconnection, addressing at least the following issues:**

**a. Management of the interconnection queue**

BAC's proposal does not change the Rule 21 or WDAT processes and therefore will not impact the management of the interconnection queue.

By allowing projects to leave the BioMAT queue, the Rule 21 or WDAT interconnection queues will be able to operate without delays. If an active interconnection queue position is required, then participation in the BioMAT program will force project development teams to remain in the interconnection queue even though they do not have a PPA and will not know when (or if) they will be offered a PPA that works for their project. This interpretation will decrease BioMAT participation by increasing project development risk and clog the interconnection queue by forcing projects to hold their position for projects that may or may not be built (depending on if they can get a PPA).

**b. Interconnection costs for BioMAT participants**

BAC's proposal reduces costs for BioMAT participants. As an example, Phoenix Energy's previous comments identified one project that would see a reduction in BioMAT participation costs by \$613,500. It is BAC's understanding that by allowing a project to remove itself from the interconnection queue, the project is incurring risk that the interconnection costs may change from the previous interconnection study based on the entrance of additional queued generation. Depending on the circumstances of each unique interconnection, the cost of interconnection may increase, decrease, or remain unchanged. There is no way to predict this. However, since there is risk that project costs may change, BAC has proposed additional measures for project development teams to monitor queued generation on their circuit.

**c. Costs to ratepayers of BioMAT projects that receive PPAs.**

BAC's proposal significantly reduces the cost of BioMAT projects to ratepayers by significantly reducing the project risk and, therefore, the cost of pre-development capital.

**Question 5. Should BAC’s proposal apply to the entire BioMAT program.**

The interconnection queue requirement is a significant barrier to most or all BioMAT projects, particularly dairy and agricultural projects that are also in rural areas and may have to wait a year or longer for the price to increase enough to accept a PPA. BAC urges the Commission, therefore, to adopt BAC’s interconnection proposal for all BioMAT projects. Alternatively, the Commission should adopt BAC’s interconnection proposal for all forest BioMAT (category 3) projects as a pilot project to meet the requirements of the Governor’s Emergency Proclamation and, after 12 to 24 months, reconsider extending this proposal to other BioMAT categories.

**Question 6. Should BAC’s proposal be limited to generators using fuel from high hazard zones.**

The Commission should not further segment the forest BioMAT category, which is already quite small at 50 MW. This is particularly true when all or virtually all forest BioMAT projects will be taking fuel from high hazard zones (HHZ’s) now that CalFire has expanded the definition of HHZ’s and has stated that they will not contract for at least five years, which is the duration of the BioMAT program. As CAL FIRE Chief Pimlott wrote to President Picker, “CAL FIRE will not contract or delete sections of the HHZ for the first 5 years of the BioMAT and RAM programs. After this 5-year period, CAL FIRE will re-evaluate HHZ in relation to tree mortality, wildfire, and asset status.”

All of the projects currently in development for the forest BioMAT category will take fuel from HHZ’s and, given the likelihood that HHZ’s will expand in the coming years, there is no reason to bifurcate the forest BioMAT category and many downsides to having two sets of rules and requirements for such a small category of projects.

**Question 7. Should the terms of the BAC interconnection proposal expire once the tree mortality emergency has been declared to be over.**

The CAL FIRE letter states clearly that the tree mortality crisis will persist for at least the five years that the BioMAT program is in place. It is unlikely, therefore, that the current or subsequent Governor will declare the emergency to be over in less than five years. In addition, CAL FIRE has indicated that HHZs will exist regardless of the status of the emergency, as they did prior to the emergency. The BioMAT program is only scheduled to last for 60 months (from the start date February 2016), so it is appropriate to keep any changes for the duration of the BioMAT program.

**Question 8. Changes required to the BioMAT tariff and the BioMAT PPA in order to implement the BAC interconnection proposal.**

For the reasons described in our answers to Questions 2 through 4 above, BAC recommends the following changes to the utilities' BioMAT tariff:

- a. Removing the requirement to maintain an active interconnection queue position;
- b. For Applicants who choose not to maintain an active interconnection queue position, requiring that (1) the Applicant file quarterly Pre-Application Reports to monitor the interconnection queue and (2) the Applicant file an updated interconnection study upon entering into a PPA.

These changes would be reflected in the utilities BioMAT Tariff section 5 (using PG&E's as a template) with the additional language in bold and underlined below:

5. Interconnection Study/Strategically Located: An Applicant must have passed the Fast Track screens, passed Supplemental Review, completed a PG&E System Impact Study in the Independent Study Process, completed a PG&E Distribution Group Study Phase 1 Interconnection Study in the Distribution Group Study Process, or completed a PG&E Phase 1 Study in the Cluster Study Process for its Project (Interconnection Study), or make use of an existing interconnection agreement to the extent permitted by PG&E's tariff. **If a BioMAT Applicant does not maintain an active interconnection**

**queue position, then it must file quarterly Pre-Application Reports to monitor the interconnection queue and the Applicant must complete an updated interconnection study upon acceptance of a PPA.**

## **CONCLUSION**

BAC urges the Commission to revise the BioMAT interconnection requirement as described above for all BioMAT projects. Doing so will help to meet the requirements of the Governor's Emergency Proclamation as well as the Air Board's Short-Lived Climate Pollutant Strategy and other important state policies. The requirement to maintain an active interconnection queue position does not ensure project viability or system reliability. Instead, it is a major – and sometimes insurmountable – barrier to meeting the requirements of SB 1122.

DATED: May 25, 2016

Respectfully submitted,

*/s/ Julia A. Levin*

JULIA A. LEVIN, Executive Director  
Bioenergy Association of California  
PO Box 6184, Albany, CA 94706  
510-610-1733  
[jlevin@bioenergyca.org](mailto:jlevin@bioenergyca.org)

**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 25<sup>th</sup> day of May, 2016, in Kensington, California.

*/s/ Julia A. Levin*

---

JULIA A. LEVIN  
Executive Director  
Bioenergy Association of California  
PO Box 6184  
Albany, CA 94706  
510-610-1733  
jlevin@bioenergyca.org