



Submitted Via Web Portal

http://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=investplan2-ws&comm_period=1

November 13, 2015

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: CBEA Comments on Cap-and-Trade Auction Proceeds Second Investment Plan

I am writing on behalf of the California Biomass Energy Alliance to provide comments on the Cap and Trade Auction Proceeds Second Investment Plan ("Plan") and recommend how to preserve the greenhouse gas emissions benefits of the existing biomass energy facilities.

California's existing woody biomass power industry is playing a role today in reducing California's greenhouse gas emissions, including short-lived climate pollutants. One part of the active global carbon cycle involves the cycling of carbon from biomass to the atmosphere. Biogenic carbon can be cycled from biomass to the atmosphere in one of two forms, oxidized (CO₂, CO), or reduced (CH₄, HCs). One of the ways in which biomass energy production can affect global warming is by substituting CO₂ emissions from the power plant for CH₄ emissions that would have occurred in alternative disposal of the biomass that is used as fuel. The impact of this substitution is dramatically lower greenhouse warming potential from the biogenic carbon emitted to the atmosphere at the time of the emissions, with the residual benefit declining for approximately 50 years before it is gone.

In California there are 24 biomass electric generating plants, distributed across 17 counties. The biomass plants combined produce more than 600 megawatts of baseload renewable energy. That is enough to power more than 750,000 California homes. California's current plants use almost 7 million tons of wood waste as fuel annually that would otherwise clog the landfills, be left to decay and serve as a fire hazard in the forest, or open burned. About 2 million tons of wood waste is urban wood waste diverted from landfills thereby helping local governments meet landfill diversion mandates. The remaining tons come directly out of the fields and forests. Biomass plants promote healthier forests by reducing the amount of overgrowth materials in the forests, as well as reducing the amount of open burning by the agricultural and forestry communities. Biomass power production in California at current levels avoids 2.8 million tons annually of fossil CO₂ emissions, and reduces the biogenic greenhouse-gas emissions associated with the alternate fates for the fuel by 3.5 million tons of CO₂eq. emissions annually. Approximately 60 percent of the total fleet MW has contracts expiring over the next few years, and is at risk of shutting down.

On the other hand, were conditions ripe, there are approximately 195 MW of idle biomass generating capacity in 13 facilities that could be restarted. These facilities collectively could displace another 1.2 million tons of fossil CO₂ emissions, and reduce the biogenic greenhouse-gas emissions associated with the alternate fates for the additional needed fuel by 1.5 million tons of CO₂eq. emissions annually.

Despite the benefits of biomass power, the industry is in jeopardy. The Plan correctly notes that bio-energy systems in California lag. In the past year, five plants have closed due to antiquated contracts that do not cover all of the plants' costs. Half of the remaining plants are facing expiring contracts. Without new contracts and revenue streams that reward biomass plants for all of their attributes, half the industry will cease to exist. That means more than 300 megawatts of baseload renewable energy will no longer be available. Millions of tons of wood waste will once again be open burned or sent to landfills. In fact, there is a direct correlation to the increase in burn permits in The Central Valley and the recent closure of biomass power plants. Most importantly, more than 1,000 people will be out of work. In many instances, the biomass plants at risk are some of the largest private employers in their community.

The Plan correctly notes that bioenergy falls both in the Clean Energy and Natural Resources sections and that there is a need to utilize existing infrastructure. However, the draft investment concepts only reference support for new or modernized plants. This inconsistency needs to be corrected. It is important to note that existing infrastructure can be modernized, repowered and reconfigured. Until long-term contracts for these facilities are a viable option, as we anticipate they will be under a reformed, more balanced resource 50% RPS program, support for these facilities need to be part of the Plan in order for them to continue making the significant environmental contributions in organics diversion from the landfills, fields and forests. The problem is even more far reaching if left unresolved. If these facilities go away, so does the fuel supply infrastructure. New, small-scale forest, ag and urban (landfill diverted organics) biomass facilities will then also be at risk. When a regional fuel markets lose such a large player, small scale facilities will find it even more cost prohibitive to access fuel. So not only is there a direct GHG benefit to supporting the preservation of existing biomass resources today, this support also provides indirect economic benefit to new, small-scale facilities as well as preserving the option for this existing infrastructure to transform and modernize into the next generation technology in a more cost effective manner.

Preserving California's existing facilities is an obvious near-term solution to black carbon emission from open burning (controlled and uncontrolled) of agriculture and forestry residues and the consequence of letting these facilities close are unacceptable. The closure of one 50 MW plant in the Central Valley would result in the displacement of an estimated 350,000 bone dry tons of agriculture residues. It is a realistic goal for the state to ensure we don't lose any more MWs and even reopen currently idle facilities.

In order to acknowledge the loss of existing biomass facilities will have negative impacts on GHG goals and other environmental efforts, CBEA recommends the following changes to the Plan:

Page 39

Draft Investment Concepts for Clean Energy and Energy Efficiency
Energy Efficiency and Renewable Energy

- **Support cost sharing to preserve existing biomass infrastructure.**

Funding in this Plan is necessary to ensure current renewable infrastructure stay on-line until the RPS program revisions for 50%. When long-term contracts are provided, these facilities will then have the opportunity to upgrade and repower.

Draft Investment Concepts for Natural Resources and Waste Diversion
Protect and Grow Carbon Stocks on Natural Working Lands

- **Support cost sharing to preserve existing biomass infrastructure.**

This is consistent with the Governor's October 30th Emergency Proclamation (items #8 and #13) to address protecting communities against unprecedented tree die-off.

Reduce Methane Release from Organics Waste
Forest

- Support new **and existing**, clean biomass energy and fuel production facilities located near feedstock or modernization of existing ones to be more efficient.

This is consistent with the Governor's October 30th Emergency Proclamation (items #8 and #13) to address protecting communities against unprecedented tree die-off.

Organic Waste

- Support infrastructure needed for **preserving the existing organic division infrastructure and** additional compost/anaerobic digestion capacity utilizing the most effective emissions control technologies.

This change is consistent with the goal of eliminating organics from landfills as identified in the Draft Short Lived Climate Pollutant Reduction Strategy. Without existing infrastructure, millions of tons of organic waste will be back in the fuel markets creating a larger obstacle to reaching this goal.

Thank you for taking our comments into consideration. We look forward to working with the Air Resources Board to develop and implement a successful investment plan that aligns the policies of the Governor's Emergency Proclamation and the Board's Short Lived Climate Pollution Reduction Strategy Plan.

Sincerely,
California Biomass Energy Alliance



Julee Malinowski Ball, Executive Director