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September 2, 2009

John Costantino
Office of Climate Change
California Air Resources Board
P.O. Box 2815
1001 I Street
Sacramento, CA 95812

Via Email: ccworkshops@arb.ca.gov
jcostant@arb.ca.gov

Subject: Fees for Sources of Greenhouse Gas Emissions

Dear Mr. Costantino:

Below are comments on the proposed changes to the April 17th version of the AB 32 regulations from the California Biomass Energy Alliance ("CBEA"). CBEA is a trade association comprised of the State's solid fuel biomass electricity generating facilities. There are 33 such biomass facilities spread throughout 19 counties in California, generating over 650 MWs of renewable power, which is approximately 1½ percent of the overall power generated in the State, and 17½ percent of all of California's renewable power.

We understand that you are proposing to shift from fuels to MWh delivered to the grid as the basis for the GHG fee on electrical generating power plants and imported energy that serves the grid. CBEA believes that if this approach is used, the fuel source of the MWh should be taken into consideration, which we believe is your intent, particularly with respect to biofuels used to generate electricity. These fuels are generally considered biogenic, producing CO₂ emissions that are part of the natural carbon cycle (i.e. are carbon neutral), and are a vital component in meeting the renewable energy mandates of the State of California. As such, the use of these fuels should be encouraged without any additional financial barriers. However, the concept paper on this issue is not clear, nor were statements made in the workshop that the GHG fee would be applied to all electricity delivered to the grid.

As you may know, California's biomass industry consumes 7½ million tons of wood waste every year, helping local governments throughout the State meet their landfill diversion requirements. The use of this biomass in a controlled combustion process also substantially reduces emissions of criteria pollutants. By preventing open-field burning of 3 million tons of agricultural and

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forestry residues each year, biomass plants cut net criteria pollutant emissions associated with the disposal of these materials by up to 98 percent. Also, by diverting waste from disposal methods that produce high-potency forms of GHGs from carbon (methane), like landfills and open burning, California's biomass facilities actually reduce GHG emissions on a true net basis. This is in addition to the GHG reduction common to all renewables that results from the displacement of utility fossil-fueled generation. New biomass facilities, or expansions of existing facilities, will be needed to meet GHG reduction targets.

CBEA therefore requests that the modifications to the proposed regulations: 1) clearly indicate that electricity provided to the grid from biomass sources, and the incidental use of fossil fuel to support these operations, not be subject to the proposed GHG fee for electrical generation, and; 2) clearly indicate that these regulations will not impose GHG fees on any sources of biomass fuels, and any incidental fossil fuels required in their use, regardless of whether they are used for stationary power generation or for vehicle fuels.

Thank you for the opportunity to provide these comments for your consideration. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Julee Malinowski-Ball". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Julee Malinowski-Ball

JMB/kmg