

**Deliverable #3: Pipeline injected Biomethane**

Recommendations that can increase pipeline injection of biomethane, including market development incentives, cluster identification, policy development, regulatory or legislative action, removing barriers, and support the SB 1383 pilot project process.

Issue	Discussion	Recommendation
A) The Low Carbon Fuel Standard (LCFS) provides substantial value for digester projects, and the perceived stability of credit prices is essential to project financing.	Since the group's formation, the LCFS has been statutorily protected by AB 398. Now the CARB Board is currently considering rulemaking for the 2020-30 period including a carbon intensity reduction target of 20% by 2030. Note: SB 1383 requires that CARB establish a pilot financial mechanism (PFM) to promote certainty and stability of credit prices.	1) CARB to develop and propose a pilot financial mechanism (PFM) by the end of 2018. 2) The legislature and State policymakers should ensure the PFM program is fully funded and implemented no later than January 1, 2020.
B) Interconnection costs can be a significant portion of total project costs, depending on size (biogas volume) of project and location to the nearest pipeline having capacity.	CPUC 's Biomethane Interconnection Incentive Program ends in 2021. This program based on AB 2313 provides a 50% reimbursement up to \$5M for dairy digester clusters (3 or more dairies) and up to \$3M for other biogas sources.	CPUC should: 1) <u>Extend the program from 2021 to 2030 and increase the funding cap from \$40M to NTE \$400M.</u> 2) <u>CPUC should also put in place eligibility criteria and establish a transparent queue process to enable developers to be certain of funding.</u> 3) <u>Allow the utilities to rate-base interconnection incentives for the interconnection facilities that are owned and operated by the utility</u>

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C) Some dairies may not have access to a nearby utility pipeline due to cost and/or location to a nearby pipeline having capacity.	There may be an attractive use case for moving renewable gas via tube trucks and delivering via “wet fueling” (remote sites). Such an approach may potentially provide a lower cost solution compared to interconnecting to the utility pipeline.	1) The CPUC should explore and address in their upcoming OIR the option for trucking of renewable gas in order to spur exploration of this approach.
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