

Background

Through recent State policies California has made clear support for the use of woody biomass to create renewable energy while at the same time protecting the state's valuable forests, and the Region's communities, from wildfire. Development of small scale biomass power generation facilities in high fire risk areas that utilize forest byproduct will provide a ready market for biomass.

The 2012 Bioenergy Action Plan includes a broad array of action items related to the promotion of forest bioenergy. The Sierra Nevada Conservancy (SNC) is identified as one of the key responsible agencies for these action items, particularly in assisting forested communities to develop forest bioenergy facilities.

Shortly following the adoption of the Bioenergy Action Plan, legislation requiring large utilities to purchase bioenergy was signed into law. Senate Bill 1122 (Rubio, 2012) requires the state's three large investor-owned utilities to collectively purchase 50 megawatts (MW) of energy from new facilities sized at 3 MW or less using primarily byproduct of sustainable forest management. Establishing 50 MW of energy will take a concerted and coordinated effort and SNC has been playing a lead role in the development of these facilities by influencing policies to ensure they effectively support bioenergy, providing technical assistance, and funding project development.

Current Status

The California Public Utility Commission (CPUC) is tasked with establishing the Renewable Market Adjustment Tariff Program for three bioenergy sectors including forest bioenergy. Over the past two years, CPUC drafted proposed program conditions and accepted a few rounds of public comment.

In December 2014 CPUC adopted the final proceeding outlining the program. The highlights of the new program include:

- A minimum of three bidding projects in the auction queue, thus allowing the opening price to increase in set increments. Once one project strikes at a price, then five projects are required in order for the auction price to increase.
- A starting auction price of 12.7 cents per kilowatt (kW)
- A new strategic location definition that no longer caps projects at a \$300,000 interconnection cost but rather allows projects to buy down costs over 300,000.
- Adoption of the definition of sustainable forest management which SNC worked with CAL FIRE and key partners to develop. This requires 80 percent of all biomass feedstock be derived from sustainable forest management practices, while allowing 20 percent to be sourced from agricultural byproduct and other areas.
- The program ends in five years, however, the forest bioenergy sector will likely not be ready to participate in the auction process until it has been underway for a period of time. Assuming progress is being made, a request to extend the program life may be necessary.

The CPUC approach is somewhat of a mixed bag. While setting the price at 12.7 cents provides a reasonable starting place, the use of auction mechanism requiring three bidders to trigger an auction may prove problematic. This is further complicated by the fact that as soon as the first bid is accepted, the requirement goes to five bidders.

Next Steps

SNC staff is coordinating with the Biomass Working Group members to outline a strategy of how to best move three, and then five, projects forward in order to meet the auction process requirements. These projects can be located anywhere in the state as long as it's within an Investor-Owned Utilities' territory (primarily PG&E and Southern California Edison), however the Sierra Nevada remains the most likely location. The SNC has been working with a number of communities to plan and develop forest bioenergy facilities in their area. Staff has been providing support by identifying funding sources, assisting with funding applications, helping to coordinate outreach efforts to build support for projects and providing technical assistance and funding.

There are two communities that are well into the project planning process for SB1122 qualifying projects:

- The one MW facility proposed for North Fork in Madera County. This facility has completed all design and permitting and was just awarded a \$5 million grant from the California Energy Commission to support the majority of the facility construction as well as research on the technology.
- A proposed facility and sort yard located in Wilseyville, Calaveras County (Wilseyville). Proponents are currently developing the CEQA document and securing land use zoning permits.

There are four projects in the Sierra that are well into the feasibility stages. These are located in Grass Valley (Nevada County), Camptonville (Yuba County), Mooretown Rancheria of the Maidu Tribe (Butte County), and Mariposa County. Staff will continue to track progress and determine ways in which the SNC can assist with bringing these projects to fruition.

Recommendation

This is an informational item only; no formal action is needed by the Board at this time, although Boardmembers are encouraged to share their thoughts and comments.