

# California Public Utilities Commission (CPUC) Decision Implementing Senate Bill 1440 Biomethane Procurement Program

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LOS ANGELES COUNTY INTEGRATED WASTE MANAGEMENT TASK FORCE



FEBRUARY 17, 2022

# Senate Bill 1440 (Hueso, 2018) Biomethane Procurement

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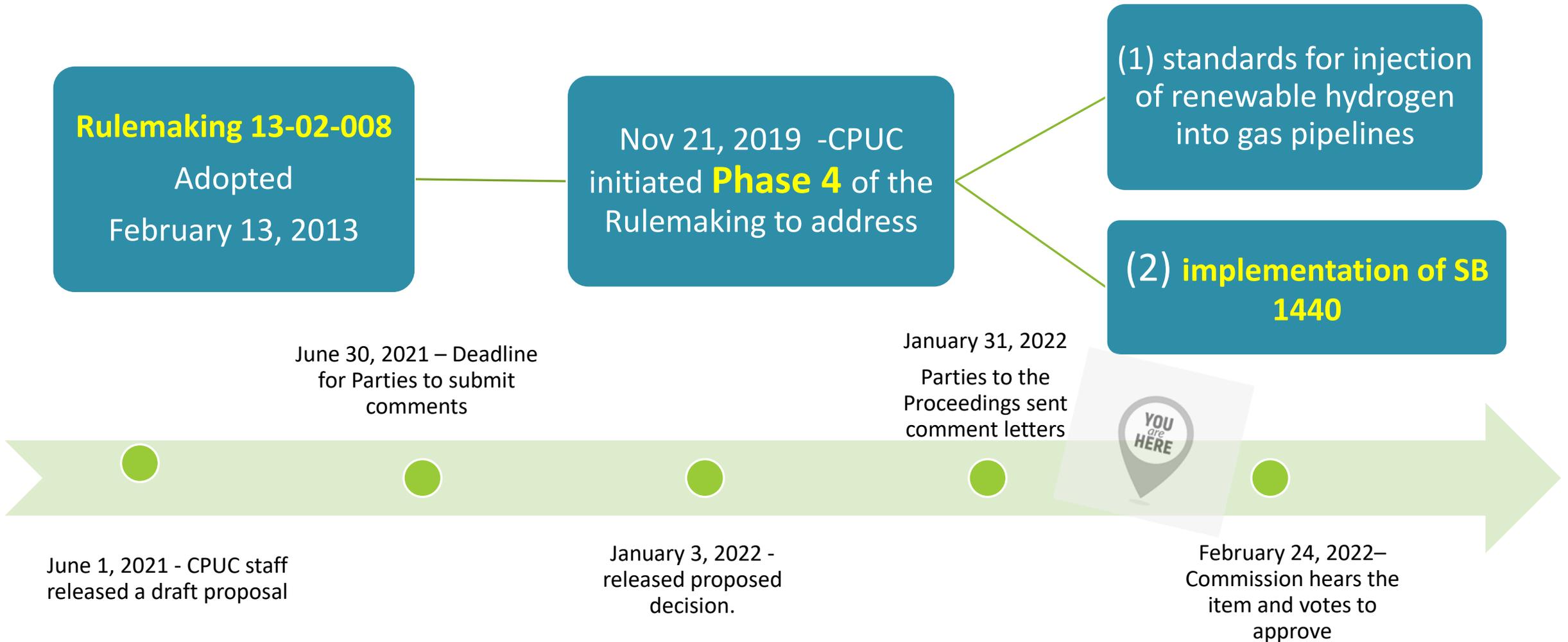
**SB 1440 requires the CPUC, in consultation with CARB, to:**

- Consider adopting specific biomethane procurement targets for:



- Take certain actions to meet those targets.

# Overview of the Rulemaking Process and Timeline



# Issues Before the Commission

## Phase 4 Scoping Memo issued November 21, 2019:

1. What are appropriate biomethane procurement targets for each gas corporation?
2. Could the procurement targets be met by any renewable gas that complies with applicable pipeline injection standards?
3. How will IOUs recover the costs of meeting procurement targets and how will rates be impacted?
- 4-7) How to develop biomethane procurement recommendations pursuant to various requirements of sections in the Health and Safety Code and Public Utility Codes

## Amended Phase 4 Scoping Memo June 5, 2020

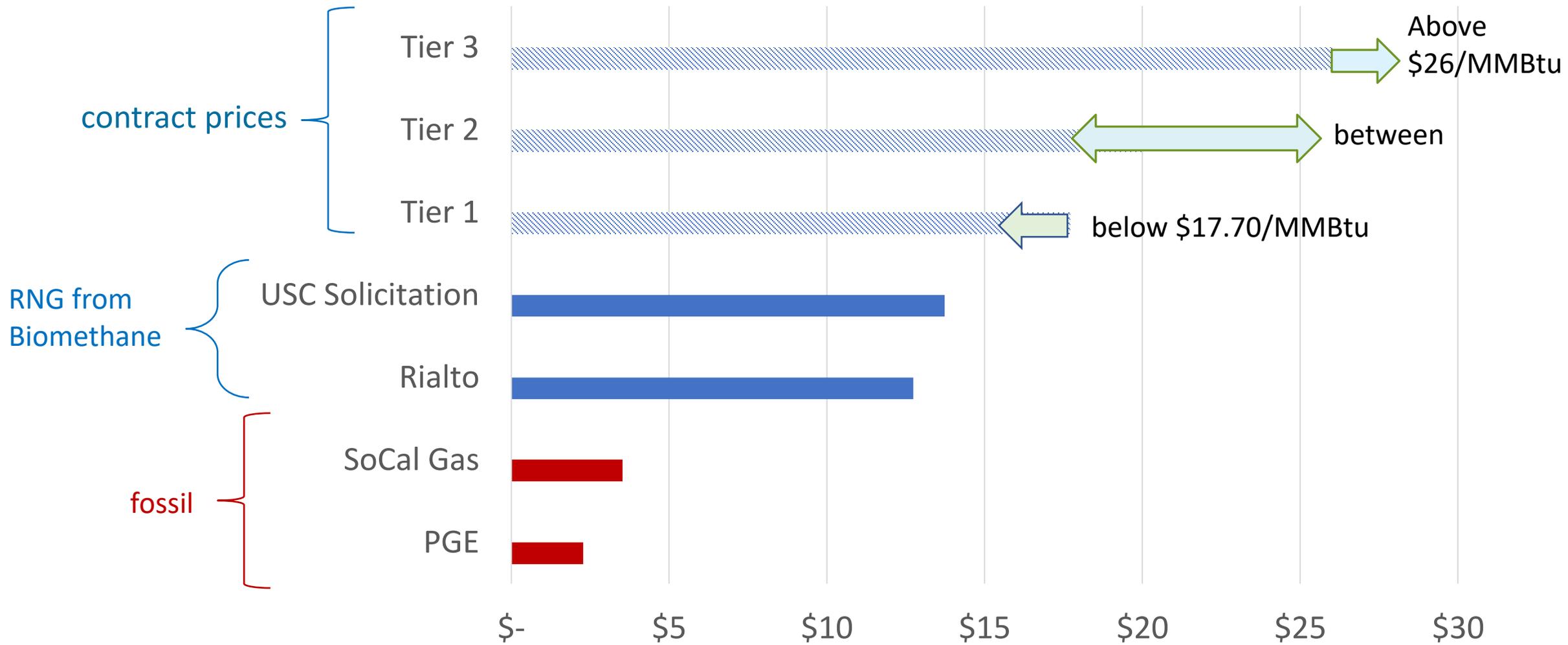
1. Base procurement targets on GHG emission reductions rather than gas volume
2. Prioritize biomethane sources that have the greatest SLCP reduction benefits
3. Ensure there are environmental benefits to the utility and its customers?
- 4-7) Establish fuel certification and verification and reasonable estimates of the supply and demands targets; resolve conflict with efforts to decarbonize buildings through electrification.

# Procurement Requirements Aligned with SB 1383

<b>SB 1383 Goals</b>	<b>Commission Decision for procurement targets</b>
<p>Reduce organic waste disposed in landfills by 75% <b>by 2025</b>, which requires an additional <b>8 million tons per year</b> of organic waste processing capacity.</p>	<p><b>By 2025</b>, each of the IOUs will procure from entities that divert a percentage of the <b>8 million tons</b> according to each of their respective Cap-and-Trade allowance shares:</p> <p>SoCalGas 49.26 %, PG&amp;E 42.34 %, SDG&amp;E 6.77 %, SWG 1.63 %.</p>
<p>Reduce 40 % of methane emissions <b>by 2030</b>, which translates to annual procurement of at least <b>75.5 million MMBtu</b> of biomethane.</p>	<p><b>By 2030</b> and beyond, each of the IOU will procure 15% of their 2020 annual core customer natural gas demand which is approximately <b>88 Bcf</b> of biomethane.</p>

# Cost-Effectiveness Workshop

Natural Gas \$/ (MMBtu)





# Priority Projects



Procure from facilities that:

- Use trucks that run on ZEV or NZEV
- Cap on-site electric generation from combustion technologies
- Limit electricity generation to fuel cell stacks



Prioritize projects that:

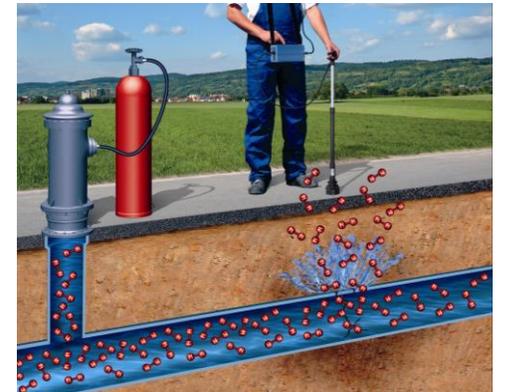
- Commit to carbon capture and storage
- Turn waste byproducts into soil amendments



# Environmental and Health Concerns

The Proposed Decision directs the IOUs to:

- Include environmental assessments and social justice impacts as part of their biomethane procurement practices in their respective procurement plans.
- Fund studies regarding health-based concentration limits for the constituents of concern in gas derived from the non-combustion thermal conversion of organic materials.
- Require biomethane producers to include methane leak detection in the life cycle carbon intensity accounting and track volumetric injections of biomethane into pipelines



# Pilot Projects

The IOUs shall file an application no later than January 1, 2023, proposing at least **Two (2) woody biomass gasification projects** in coordination with the Department of Conservation.



Phoenix Energy Biomass Gasification  
Power Plant in Merced, California

# Excluded from Biomethane Procurement Program

## Proposed Decision Excludes:

- Livestock biomethane procurement contracts.
- Biomethane procured for transportation customers as part of the LCFS program



# Questions?

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