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July 1, 2015

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Commissioners Kjellander, Raper, and Redford  
Idaho Public Utilities Commission  
472 W. Washington St.  
Boise, Idaho 83702

Re: Dockets AVU-E-15-01, IPC-E-15-01, PAC-E-15-01

Dear Commissioners:

The American Biogas Council (ABC) is the Washington, DC-based non-profit trade association representing the U.S. anaerobic digestion and biogas industry. We represent over 230 companies covering the entire biogas supply chain who are dedicated to maximizing the production and use of biogas from organic waste. Several of our members are located in or doing business in Idaho and more would like to do business in your state.

On behalf of our members, the ABC submits these comments in response to the Commission's proposed rulemaking related to shortening the duration of PURPA contracts from 20 years to 5 years or less, a shortening we oppose. Shortening will essentially stop biogas projects from being able to get financing and therefore will stop project development in a sector that provides Idaho with MUCH more than just energy. We have serious concerns that the proposed rule will negatively impact the adoption of anaerobic digesters and nutrient removal technologies in the state of Idaho especially at dairy farms. Idaho has the 4<sup>th</sup> largest population of dairy cows in the country and only six farm-based digesters which means Idaho has a significant opportunity to bring jobs, investment, and nutrient management systems to the state through the construction of new digesters that turn organic materials into methane-rich biogas, valuable soil products and provide a waste management solution for many kinds of organics.

Digesters are not just located on farms. We build them at wastewater treatment facilities, wherever food waste is abundant and even at landfills to more efficiently process the organics part of the municipal solid waste stream. Turning those organic materials into energy is an important part of each system because it's the primary way most systems generate revenue, but they also provide

many important benefits for managing organic materials and nutrients entering the waterway in ways other technologies cannot.

Digesters and related technology, like the nutrient management systems that can be added on, are critically important to the dairy industry and help reduce greenhouse gas emissions and nutrient losses. We must encourage their use, not discourage them. Digesters are very expensive to install and operate and despite the environmental benefits they produce, they are difficult to make work economically because of the very low prices paid for their products. Selling electricity to the grid at a fair rate is the primary means by which a digester project can be feasible, limiting that ability by shortening the length of PURPA contracts will be counterproductive. In addition, since banks ask for new systems to show certain revenue streams of 10 or more years to obtain financing, shortened contracts can actually stop a project from being financeable, and therefore restricting an average of \$3 million dollars, 25 construction jobs and 2 permanent jobs per project to the state.

This rule, as proposed, is a disincentive to project development and a disincentive to making sure systems that can manage manure, wastewater biosolids, food waste and other organics are recycled and managed, not just disposed. If the Public Utility Commission chooses to limit power purchase agreements (PPA's) to five years or less, that disincentive will almost certainly end the adoption of digester technology in Idaho. We do not believe that is in the best interests of the state of Idaho, its citizens, the wastewater industry, food industry and the dairy and other agricultural industries in Idaho that can use digesters.

While we recognize that the Commission has imposed an interim five-year limit as noted in the May 8, 2015, notice of public meetings for solar and wind projects larger than 100-kilowatts and for all other renewable projects larger than 10 megawatts while it considers two utility company requests to cap PPA's at 2 or 3 years. We also note that in your February 6, 2015 order that all qualifying facility contracts are limited to 5 years. The apparent inconsistency is concerning. In most cases digesters are designed to generate 1 -5MW, with a select few that could potentially generate up to 10-15 MW. If the May 8th notice is correct, it would appear that most digesters would be unaffected since they fall in the 100kW-10MW range. If however, the February 6th Order is correct and dairy digesters PPA's are capped at 5 years, or less when a final determination is made, you are in essence banning digesters in your state.

A decision to build and utilize digester technology is risky in many cases and adding uncertainty in the form of short duration power purchase agreements where there is already risk will spell disaster. Instead of the approach taken in the proposal, the ABC urges the Commission to retain a 20-year PPA term for anaerobic digesters due to the well-established recognition of the fact that they deliver enormous environmental benefits and the fact that a 5-year or less PPA will terminate any and all consideration of their adoption.

The ABC appreciates the opportunity that the Commission has provided for consideration of our comments. We are pleased to answer any questions you may have or to provide any additional information which you may require.

Sincerely,



Patrick Serfass, Executive Director

**How biogas Systems Work:** [http://www.americanbiogascouncil.org/biogas\\_howSystemsWork.asp](http://www.americanbiogascouncil.org/biogas_howSystemsWork.asp)