



SUMMARY

California is a leader in efforts to combat climate change - one of the most daunting challenges facing humanity. Currently, California's gas sector causes one-quarter of the state's greenhouse gas emissions (GHG), and is a major contributor to global warming. SB 687 seeks to lower the harmful impact of the gas sector by requiring the sellers of gas to begin to transition to the use of renewable, less carbon intensive gas.

BACKGROUND

California uses more than 2 trillion cubic feet of natural gas per year and that amount is going up. Natural gas from fossil sources is used to generate more than half of the state's electricity, the majority of its home heating and hot water, and a growing share of transportation fuels. Although cleaner and cheaper than other fossil fuels, natural gas is a major source of greenhouse gas emissions, and air and water pollution. In addition, California imports 91 percent of its gas, making the state vulnerable to supply and price fluctuations. This reliance on imported gas also costs more than \$9 billion per year in lost revenues to California since the jobs to produce that gas are in other states and Canada.

Renewable gas made from organic waste can significantly cut greenhouse gas emissions and landfilling. Increasing the use of renewable gas will create jobs and economic productivity, and strengthen California's energy security. Renewable gas can improve forest health and prevent wildfires by providing a cost-effective end use for thinned forest material. Replacing just 10 percent of California's natural gas with renewable gas would reduce GHG emissions by 12.6 million metric tons from fossil fuel displacement alone. The actual emissions reduction would be much greater due to upstream reductions in black carbon (from reduced wildfire) and methane emissions from dairies and other uncapped sources.

California has adopted several policies to promote biogas development, reduce landfilling of organic waste

and increase renewable fuels. To date, these policies have achieved mixed results. Recent funding programs are helping to spur new biogas projects, but many of the recent regulatory policies have yet to be implemented, are prohibitively expensive, or do not provide enough certainty to attract the investment necessary to expand the biogas market.

SOLUTION

SB 687 requires the California Air Resources Board (CARB) to establish a carbon-based standard for California's gas supply. Modeled after the state's Renewable Portfolio Standard (RPS), which has doubled renewable electricity use in just over a decade, and the Low Carbon Fuels Standard, the Renewable Gas Standard (RGS) would require an average carbon intensity reduction of one percent in 2020, increasing to 10 percent in 2030.

Specifically, the bill:

- Gradually reduces the carbon intensity of California's gas supply for all end uses, including electricity, transportation, heating, cooling, industrial or other purposes.
- Applies to all sellers of gas into the California market, including both utilities and gas providers that sell directly to large customers.
- Defines eligible gas as gas that is generated from a renewable source and meets the requirements of AB 2196 (Chesbro, 2012, defining biogas eligibility under the RPS).
- Includes biogas generated from organic waste, whether used onsite or injected into a common carrier pipeline, and would allow credit trading to provide market flexibility and contain costs.
- Requires CARB to develop and implement the RGS in coordination with the California Public Utilities Commission and the California Energy Commission.
- Allows CARB to waive the RGS requirement, in whole or in part, if the cost of procuring renewable gas will have a disproportionate impact on commodity rates.





- Directs CARB, the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC) to coordinate incentives such as cap and trade revenues, the Electricity Program Investment Charge (EPIC) and AB 118 (alternative fuels) funding to help meet the RGS.

SUPPORT

Bioenergy Association of California (Sponsor)
Alternative Fuels Advocates
American Biogas Council
Anaergia
Biosynthetic Technologies
California Association Sanitation Agencies
Calysta
Clean Energy
Clean Energy Renewable Fuels
City of Fresno
County of Los Angeles
CR&R
East Bay Municipal Utilities District
Eisenmann Corporation
Harvest Power
Hitachi Zosen Inova USA
Organic Waste Systems
Phoenix Energy
TSS Consultants
UPS
Waste Management

CONTACT

Tina Andolina
Office of Senator Ben Allen
(916) 651-4026, (916) 651-4926 (Fax)
tina.andolina@sen.ca.gov

Julia Levin
Bioenergy Association of California
(510) 610-1733
jlevin@bioenergyca.org

