

BIOMASS WORKING GROUP MEETING

TUESDAY, OCTOBER 22, 2013

Room: Sonoma, 1st Floor, Federal Building, 650 Capitol Mall, Sacramento

Time: 12 p.m. to 4 p.m.

Teleconference Number: 1-888-858-2144

Pass code: 8920101#

Attendees:

In Person: Gabriel Taylor, Jerry Bird, Angie Lottes, Fred Tornatore, Jim Bowmer, Christa Darlington, Steve Brink, Jonathan Kusel, Steven Nicholls, Mik McKee, Garry O’Neill, Julie Malonowski-Ball

On the phone: Jayne Battey, Chris Nota, Tad Mason, Rick Breeze-Martin, Chip Ashley, Scott Olson, Adam Shultz, Kim Carr, Paul Mann

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VENDOR AND FINANCING SUMMIT PROPOSAL

Christa Darlington works with the Placer County Air Pollution Board. They are facing issues working with the PUC setting prices for renewable energy development. They are interested in getting a program in place that supports distributed generation renewables.

Placer County Air Pollution Board brought a lot of attention to the forest biomass issue and received favorable comments from the president stating that he was supportive of an adder for forest biomass for ReMat but could not make it happen. They were then able to get the SB1122 requirement that the PUC require 50 MW of forest renewables. The definition of “sustainability” is also being developed and is close to a final product.

We need to consider what we need to do to have a project that is successful. We continue to frame specific issues in the program details. But another thing that we need to do is show them that we are ready to play. Program design implements need to occur, but we need to also develop the technologies that can make this happen. Brining the technologies into a room and having them show they are “ready to go” and having a companion complementary finance piece- which specific grants or investors are ready to go and can partner with the technologies. Having the financiers in the room with the technologies is the point here.

Outcomes to this summit:

- Connecting developers to financing and lending institutions

- Getting developers ready to go!
- Creating a summary or paper at the end of the workshops that outlines companies, technologies that comply with policy needs- to be shared with policy makers, especially in time for CPUC filings happening in February and March

CPUC is really interested in economics and finance. This type of information is going to be critical in our influencing of policy makers in the future. This is not about hiding the ball, this is about making things work.

Point: Water quality issues are important as are air quality issues. It's also important to consider run time and capacity factor. Wind and solar didn't get started up running 8760 but we want to get as close to that as possible.

Point: the core idea of the Vendor / Finance Summit is great but we also need to consider including local sponsors. Developers and financiers are great but without a project location and community fit that is not helpful. Counter point: project location and sponsor is obviously important but some theory and introductions can happen without that. Forming a relationship between lenders and technologies is the first step and finding a good fit for the partnership can be second. We don't want to get into the weeds or too far off topic.

Point: if we had supply commitments it would be a lot easier to finance these. Counter point: it would be great if we could get a formal agreement from the Forest Service to provide supply. Counter point: the FS barely has Stewardship Authority (only until Jan 20, 2014), but we would like to have this conversation subsequent to the summit.

Point: This idea has been coming up in several different circles so I think it's great to finally spear head it, but to bring in the high-level financiers and technology entities that we want to attract, we need to get some high level sponsorship.

Point: It's important that we look objectively at the technologies that we will present rather than thinking that once we have this conversation, we will have all the answers. Counter point: it is very important that we will need to be objective about technologies that are represented, but even if we get partnerships that only have some potential, we are going to push that potential.

Point: What technologies do we want to focus on? Gasification, biofuels? Counter point: Probably the committee needs to consider this, not me. Counter point: gasification has less air and water issues and takes less people to run so is more economical.

Point: I hope the committee would be open to the opportunity to look at biofuels because you just can't put a power plant at every place that there's a pile of slash.

Point: We know how much biomass is generated annually by the timber industry. Right now we are pile and burning about 1 million BDT, and that's about 125 MW worth.

BLODGETT WORKSHOP SUMMARY

The Spirit of Blodgett 5 page white paper is the outcome of workshops held over past couple of years at Blodgett Research Forest. UC, Fox County Air Pollution Control District, CAL FIRE supported these meetings. During the August 21 workshop, Mary Nichols asked everyone to come up with solutions that are tangible in the short term and in the long term and that is one of the unique features of this paper.

The idea was to state the problem upfront and portray the scale of the problem with the table on page one. In a perfect world if state and federal policies were in alignment, what treatment acres would we target and then if those were treated what biomass would be generated. We then tried to summarize the societal benefits that could be achieved and the barriers. The paper is finished with solutions ideas.

There is concern in the room about the points in this paper that support “existing infrastructure”. 30-50 year old technologies should be supported tentative to current environmental concerns. Counter point that old technology is better than pile and burn or lack of funds to remove excess fuel. Counter point that existing infrastructure would install technological updates if they got \$0.12/kWh. Consensus that we should separate the discussion about supporting SB1122 technologies and supporting large scale infrastructure.

Most existing infrastructure has Title V existing infrastructure uses best available control technology. To some extent, what they already have is being grandfathered.

IOU barrier described in the final bullet also has to do with PUC and rate-setting barriers.

STANDING SUBGROUPS, UPDATES (20 MINUTES)

SUSTAINABILITY UPDATE

There will be a meeting next week and plan to wrap this up soon.

THERMAL WORK GROUP

No updates since last month. We are always looking at opportunities for district heating systems and have been considering chip requirements for boiler efficiency. Things are moving forward with gusto primarily from interest from hospitals- enthusiasm continues and folks are always looking at ways that they can install and upgrade boilers.

BIOENERGY ACTION PLAN

Updates below.

CONFERENCE/WORKSHOP

We expect to have a lengthy report next month.

CAPACITY AND EXISTING INFRASTRUCTURE

Discussions are going on. The post Blodgett work that’s being done really feeds into that.

Two plants have gone back online- Buena Vista refurbished their boiler system and DT Stockton is starting up with some interconnection issues but should be up and running in November. Stockton is a 45MW plant with arrangements for off-site storage but only room for 14 days of fuel storage on site.

SWET UPDATE

GOVERNANCE

Role definition is important upfront so that once we hit the ground running we can keep going. SWET is planning to leverage the knowledge at BWG, but also need review and comment from the group. Eventually, the group will have an MOU and that is important. In the meantime, in place of that, the SWET is developing their process with a stated relationship among the BWG, SWET, WRTC and USFS.

PROCESS

There are 6 steps in the process:

- 1) Contact us
- 2) Fill out application
- 3) SWET discussion
- 4) SWET recommendation compilation
- 5) BWG presentation and input
- 6) Decision phone call

This is organized to be thorough and fair to projects of different types and sizes, but must not be inhibitory. Please review the document and give comments by November 3.

WEBSITE

cawoodenergy.org has been registered and is being developed for SWET outreach. We are also developing it to be a resource for the larger BWG. Meeting agendas, notes, presentations, etc can be posted there for archiving and public access. Over time, we can also develop the site to aggregate other wood energy sources.

The internal structure group can provide input for what materials can be accessible by the public.

What privacy issues are there? Individual connections might be important, can we put names, emails etc on the website.

AGENCY UPDATES

CPUC

Revised PD was released last week and is available for public comment now.

CEC: (SB 96) WITH LANGUAGE ON EPIC

Changes that were brought on by SB 96 has been incorporated. Comments on the proposed revision are due on November 4 and the CEC is looking at adopting the changes on November 14.

Draft IEPR was released and the bioenergy section is in Chapter 3. It is a lot shorter than it used to be (about 18 pages including graphs and charts), if you have any comments on that, they are due soon.

BIOENERGY ACTION PLAN

In the November state coordination meeting, the focus is forest bioenergy. Ann Chan is putting together a list of speakers from CBD, FS, SNC to drill down on the forest bioenergy topic. It is a closed, state agency meeting and SNC can report on it next week.

SB-1122

The last of a series of workshops has been held and the hopefully final white paper was written. There will be a final conference call next week, and our recommendation will be made shortly after that.

PROJECT UPDATES (15 MINUTES)

NORTHFORK

Funding is going on CBD has delayed the project with an appeal. The County is recirculating the CEQA document to cover all bases. The Board of Supervisors is scheduling a meeting that will be occurring soon.

PLACER COUNTY

Cabin Creek project was approved through environmental review and they are going through design process. The financing piece is slowing things

NATIONAL BIOENERGY DAY

Over 6 facilities participated at a variety of levels, but some of the events actually brought in 60-80 people. Wheelabrator's tour was particularly well-attended. Legislators, school board members and many types of people. National Bio-power Association is compiling information about this and will probably put something on their website.

ADDITIONAL CONVERSATION ABOUT THE FOCUS OF BWG

ENVIRONMENTAL

One of the topics of focus for the group when it first started meeting was to engage environmental groups. Since then, some of those groups have started taking on wood energy project by project and we need to either start engaging with them so they start playing nice or think of a strategy to combat it.

If we can have a general conversation about some of these issues instead of having the same fight with project after project, that would be helpful.

We need a big vision: where do we want to be in 20-30 years? We don't want full on growth everywhere, but rather a strategic growth. That's what the solar industry did a decade ago.

TRIBES

We have engaged with the FS tribal liaison and need to get him to an in-person meeting and start a conversation to flesh out.

NEXT MEETING

No meeting in November, the next meeting is Tuesday, December 3, 2013.

Please think about what type of meeting structure you would like to have in 2014. During the December meeting we will set the schedule for 2014. We don't want to belabor the point but do want to provide the opportunity to revise the status quo, so if you want to change the time, place or frequency of the meetings, be ready to talk about it.