

Craig McNamara
Board President
Owner, Sierra Orchards

July 30, 2014

Joshua Eddy
Executive Director

Ashley Boren
Executive Director
Sustainable Conservation

Charles Boyer, Dean
Jordan College of
Agricultural Sciences,
California State
University, Fresno

Donald Bransford, Owner
Bransford Farms

Don Cameron,
General Manager,
Terranova Ranch, Inc.

Nancy Casady
General Manager
Ocean Beach People's
Organic Food Co-Op

Dan Dooley
Vice President,
University of California

Ben Drake, President
Drake Enterprises

Michael Gallo, Co-owner
Joseph Gallo Farms

Eric Holst,
Senior Director,
Environmental Defense
Fund

Bryce Lundberg,
Vice President,
Lundberg Family Farms

Martha Montoya,
President,
Los Kitos Produce

Miles Reiter,
Chairman and CEO,
Driscoll Strawberry
Associates, Inc.

Joy Sterling, CEO
Iron Horse Vineyards

Rodney Taylor, Director,
Riverside Unified School
District

President Michael R. Peevey
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear President Peevey:

On behalf of the California State Board of Food and Agriculture, I write to request that the California Public Utilities Commission (CPUC) join with a broad cross-section of its fellow state boards and agencies in developing a coordinated strategy to promote the development of anaerobic methane digesters as a key tool in the fight to reduce greenhouse gas emissions and provide clean renewable energy for California. We believe that the CPUC can do this through its implementation of the agriculture-related provisions of SB 1122 (Chapter 612, Statutes of 2012).

The importance of dairy digesters in reaching the state's GHG reduction goals has been clearly recognized and encouraged by several state agencies and the Governor. In the AB 32 Scoping Plan Update, CARB states that it "is working with federal, State, and local agencies, as well as with industry stakeholders, to remove obstacles to digester installations." The recently enacted 2014-15 State Budget allocates \$12 million of cap-and-trade auction revenue to the Department of Food and Agriculture for dairy digesters. The federal-state Interagency Dairy Digester Task Force has been at work developing a consolidated regulatory permit system for digesters, and has solicited proposals for commercially viable digester projects. As a result of these and other efforts by the Administration, dairy digesters are poised to take their place in the statewide efforts to reduce GHG emissions and provide clean renewable energy.

The CPUC, in implementing SB 1122, can make a significant contribution to providing the impetus for dairy digesters. First, the CPUC can place dairy projects in a separate subcategory in order to ensure that they receive consideration commensurate with their potential importance to the state. Further, the CPUC should allow digester project developers to receive an adequate price that incorporates avoided environmental costs. In addition, the CPUC should determine that the allocation of shares of the total energy purchase requirement among the IOUs aligns with the resource potential for dairy bioenergy in their respective territories. Collectively, these steps by the CPUC will further the adaptation of a sustainable digester industry within the state.



July 30, 2014

Page 2

We look forward to working with you to find ways to achieve the state's goals of methane emissions reductions through the thoughtful and forward-looking implementation of SB 1122.

Sincerely,

A handwritten signature in blue ink that reads "Craig McNamara". The signature is written in a cursive style.

Craig McNamara

President

cc:

Commissioner Michael Florio, California Public Utilities Commission
Commissioner Catherine Sandoval, California Public Utilities Commission
Commissioner Carla Peterman, California Public Utilities Commission
Commissioner Michael Picker, California Public Utilities Commission
Secretary Karen Ross, California Department of Food and Agriculture
Chairman Mary Nichols, California Air Resource Board
Parties to RPS Proceedings (R.11-05-005)