



CES Comments – 9/2/16

The proposed CES incentive program will not support the development of waste to energy anaerobic digestion projects (biogas) in New York State.

Biogas projects provide the State with environmental and economic benefits beyond the production of renewable energy. Despite these benefits, the proposed program makes no distinction between renewable electricity generated from biogas and renewable electricity from other technologies. Providing these benefits increases the unit cost biogas projects incur to generate renewable electricity. There should be a designated biogas REC, a BREC, to provide a premium for biogas generated renewable electricity.

Waste to energy biogas facilities take in mixed organic waste from regional sources. These waste streams include residuals from the food processing industry like whey, source separated organics from supermarkets and institutions, unsalable packaged goods from food processors and in some cases livestock manure. By converting these waste materials to energy, biogas projects provide the State with valuable environmental and economic benefits. These include:

- Diversion of organic waste from landfills
- Elimination of spreading untreated organic waste on cropland which can lead to nutrient pollution of surface waters
- Reduces the carbon footprint of farms and food processors making New York State an attractive location for economic development.

Other renewable or zero emission electric generation technologies do not provide these environmental and economic benefits.

Much of the cost of building and operating a waste to energy biogas facility is associated with collecting and preparing feedstock (waste organics) for anaerobic digestion and responsibly managing the post digestion biomass. The capital cost of a biogas waste to energy facility is about \$4.5 Million per installed MW of generating capacity. 75% of the capital cost is for handling organic materials and only 25% for the generation equipment, switch gear and interconnection. Operating costs are about \$150/MWh. Assuming waste treatment revenue is equal to \$75/MWh, net operating costs are about \$75/MWh.

As owners and operators of waste to energy biogas facilities, we believe that revenue has to be greater than \$120/MWh to support the development of these kinds of facilities. The BREC price could vary inversely with the wholesale market price to hit a total price target for the renewable electricity generated. Since the generation potential of waste to energy biogas across the State is relatively small compared to the potential for renewable generation in total, the impact of any BREC on individual ratepayers would be negligible.