

CALAVERAS ENTERPRISE

Could PG&E bankruptcy halt biomass projects?

By Davis Harper

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Pacific Gas & Electric Co.'s bankruptcy may delay a local biomass project, and could jeopardize funding for similar projects across the state.

Senate Bill 1122 required PG&E to purchase 47 megawatts of biomass or biogas power using byproducts of sustainable forest management as part of the Bioenergy Market Adjusting Tariff (BioMAT) program.

The utility's existing SB 1122 contracts remain in effect, according to PG&E spokeswoman Brandi Merlo.

"PG&E has engaged with the California Public Utilities Commission on changes to the BioMAT standard contract that would allow PG&E to execute additional SB 1122 contracts in the future," Merlo said.

The company expects the Chapter 11 cases to take about two years.

"It is our intent to move through this process as expeditiously as possible," Merlo said. "We will provide updates as we move forward."

Wind, geothermal, biomass, solar and small hydro currently make up 33 percent of PG&E's purchased energy, according to the utility's site. Just over 10 percent of its renewable energy is sourced from biopower, based on a 2018 CPUC report.

PG&E was set to chip away at the required 47 megawatts of biomass power with a power purchase agreement (PPA) with Calaveras Healthy Impact Product Solutions (CHIPS), a local nonprofit that performs forest restoration and fuel reduction work in the Sierra Nevada and foothills.

CHIPS is planning on constructing a biomass "cogeneration" plant in Wilseyville, and a commitment to a PPA from PG&E is one of the last roadblocks to getting started, CHIPS founder Steve Wilensky said in a Feb. 15 phone interview.

Wilensky has said in the past that the plant will generate enough energy to power the surrounding Blue Mountain communities of Glencoe, Rail Road Flat, West Point and Wilseyville, and potentially secure jobs for 65 to 85 people.

CHIPS reached an agreement with PG&E at a rate of 19.72 cents per kilowatt for 20 years before its Chapter 11 filing in late January, according to Wilensky.

While the timely “informal” sign-off was good news for CHIPS, the nonprofit has been in negotiations with banks and individual funders that want to see a “legal commitment” from PG&E before investing in the multimillion dollar project, Wilensky said.

“Anybody who would be investing millions of dollars will want to know that the power purchase agreement is not going to be renegotiated,” Wilensky said. “(Investors) need to know that we are exempted from (PG&E’s) bankruptcy.”

Wilensky said he has been in regular communication with PG&E since the filing, and anticipates a legal commitment by the end of the month.

Updates for other biomass projects in the Central Sierra Foothills

A similar project is in development in Camptonville, a small town in the Yuba County foothills and Tahoe Forest.

The Camptonville Biomass Project’s planned biomass facility will produce 3 megawatts, or enough energy to power up to 2,700 households, according to the project website.

Awarded a nearly \$5 million grant from the California Energy Commission last year to cover equipment costs, the Camptonville Community Partnership and other partnering agencies are relying on an agreement with PG&E as well, and have been watching the utility’s bankruptcy proceedings closely.

Willie Whittlesey, a Yuba Water Agency project manager involved with the plan, said that funding may be in jeopardy, depending on how and when PG&E’s bankruptcy is resolved.

“The California Energy Commission is definitely questioning the viability of the project,” Whittlesey said in a Jan. 26 phone interview. “They don’t want to invest in something that doesn’t have a chance of being constructed.”

The Yuba Water Agency has granted the project hundreds of thousands of dollars, and “definitely has an interest in moving it forward,” Whittlesey said.

As of now, “We don’t really know if or how (the bankruptcy) may have an impact,” Whittlesey added. “We’re still thinking we’ve got to keep moving forward until someone says SB 1122 is dead.”

In Mariposa County, a plan for a 2.4 megawatt biomass facility has been delayed, in part, by the utility's Chapter 11 filing as well, according to an update on the project's website.

"We are confident that when this bankruptcy is resolved the utility will be bound by the same law to purchase the electricity we produce," the update reads. "However, until the situation is resolved no new contracts or PPAs are being signed by PG&E ..."

Like Camptonville, the Mariposa County Biomass Project received almost \$5 million in grant monies from the California Energy Commission in 2017 – funding that for now, will stay on hold.