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June 21, 2018

The Honorable Anthony Portantino
Chair, Senate Appropriations Committee
State Capitol, Room 2206
Sacramento, CA 95814

RE: AB 3187 (Grayson) Biomethane: gas corporations: rates: interconnection - SUPPORT

Dear Chair Portantino,

On behalf of the California Chapters of the Solid Waste Association of North America's (SWANA) Legislative Task Force (LTF), I am pleased to write to you in **SUPPORT** of **AB 3187 (Grayson)**, which would help California build the infrastructure necessary to achieve its climate goals.

SWANA is the world's largest association of solid waste professionals (10,000 members). SWANA's three California chapters represent more than 900 of those members. SWANA represents much of the publicly-owned and -operated solid waste management infrastructure in the state and the local governments responsible for implementing waste diversion and recycling programs. The LTF is responsible for representing the California Chapters on legislative and regulatory issues. SWANA is committed to advancing the practice of environmentally- and economically-sound management of municipal solid waste.

For California to meet its ambitious environmental goals, particularly those established by SB 1383 (Lara) in 2016, the State must provide support for the infrastructure that will be necessary to support markets for recycled organics, which can include gasification of that material to be used as an energy source. Currently, the costs associated with connecting biomethane to common-carrier pipelines present an almost insurmountable hurdle to any attempt to increase biogas production, especially since these costs are not eligible for rate recovery.

AB 3187 (Grayson) updates a requirement for the California Public Utilities Commission (CPUC) to consider options to promote the in-state production and distribution of biomethane. The CPUC has already adopted a \$40 million ratepayer-funded program to offset a portion of gas producer costs of connecting to utility pipelines. Legislation in 2016 determined that program funding will pay up to 50% of a biomethane project's interconnection cost, up to \$3 million per project.

To date, the biomethane subsidy program has been underutilized. Current law says that the CPUC must consider options to promote in-state production and distribution of biomethane before the expiration of the incentive program. Under **AB 3187 (Grayson)**, the CPUC would be required to open a proceeding to consider those options by no later than July 1, 2019.

By taking steps to expand opportunities for gas corporations to be able to recover pipeline interconnection costs, **AB 3187 (Grayson)** will help bring California closer to realizing its recycling goals.

LEGISLATIVE ADVOCATES

Jason Schmelzer and Melissa Immel

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For these reasons and more, the SWANA LTF is pleased to **SUPPORT AB 3187 (Grayson)**. Thank you for your consideration of this important measure.

Sincerely,



Melissa Immel
Legislative Advocate
Shaw / Yoder / Antwih, Inc.

Cc: Members and Consultants, Senate Appropriations Committee
The Honorable Tim Grayson, 14th Assembly District

