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## Cow-town power: How much energy could Sacramento generate from manure?

By [Christopher Arns](#)

**It's been said before that Sacramento is** something of a cow town. But a city running on cow power? That would be something new.

And, if a coalition of agricultural groups and environmentalists have their way, California's utilities soon could pay a higher premium for biogas, a renewable source of energy produced from cow manure.

Last December, nine groups petitioned the California Public Utilities Commission to boost rates paid by utilities to biogas producers, including dairy farmers that convert manure into power and sell the surplus electricity.

The groups believe higher wholesale rates would subsidize the biogas market and encourage more dairy farmers to install methane digesters—equipment that converts manure into power. Currently, there are two farms with digesters in Sacramento County and 11 in the state—a number down from 15 two years ago, according to the U.S. Environmental Protection Agency.

California has the largest dairy industry in the nation, but surprisingly is a lightweight when it comes to methane digesters. The state only produces 5 percent of the country's digester-energy output.

Biogas proponents believe digester owners need more government intervention to keep up with other states such as Wisconsin, which has 26 digesters and produces three times as much energy from dairy-based methane than California. That intervention is required by law, according to organizations signing the petition.

Stacey Sullivan, a policy director with Sustainable Conservation, claims the state mandates the CPUC to set wholesale rates based on the "green value" of renewable energy that reduces greenhouse-gas emissions. The rates would force private utilities such as PG&E to pay higher prices to effectively subsidize California's sputtering biogas industry, Sullivan said.



California is losing to Wisconsin, which produces three times more energy from dairy-based methane than the Golden State.

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“One of the reasons we feel like this is justified,” he said, “is that the statute explicitly directs the CPUC to factor in” green energy, which would be “sufficiently significant in the case of biogas.”

CPUC policy wonks see it differently.

In a proposal written last October, CPUC omitted rate hikes for renewable-energy sources producing up to 3 megawatts, a category that includes dairy farmers with methane digesters. It argued the rate should be set by the open market.

Ed Randolph, CPUC energy director, downplayed the proposal and said the commission will make a final decision later this spring.

“The best way for us to proceed in this particular case is to put out a staff recommendation and look for comments,” Randolph said. “It’s up to the commissioners and the administrative law judge to put all that together and make a decision on what they want to propose.”

Both PG&E and The Utility Reform Network, a consumer-advocacy group, also rejected higher wholesale rates to subsidize biogas.

Matt Freedman, a TURN staff attorney, believes giving that power to CPUC officials would be a disaster. “I think the real problem with this exercise,” he said, “is asking a state agency to figure out how much it costs to generate renewable power. It’s a fool’s errand, and the commission will always guess wrong.”

Denny Boyle, a PG&E spokesman, said his company supports the existing CPUC staff recommendation. “We believe it should be based on market prices,” Boyle said.

If the CPUC does raise rates for biogas, there’s no guarantee it will help smaller energy producers such as California dairy farmers.

For starters, they need air-quality permits to run the digesters, which use internal-combustion engines to convert methane into electricity. In Sacramento County, new air-quality standards adopted in the past five years have severely limited how farmers operate these engines.

The equipment is also expensive. Start-up costs vary wildly, from \$160,000 to several million dollars, and farmers usually need federal grants to fund their projects.

But it’s worth it, said Larry Castelanelli, who owns 1,800 cows at his Lodi dairy and installed his second digester in 2009.

“If I wasn’t producing here, they’re going to burn oil someplace and produce that energy,” he said. “Why we’re not doing more of these and putting more of these in California is beyond me.”