

**SUMMARY OF POLLUTION PROBE'S POSITION
ON THE BIOMETHANE APPLICATIONS**

May 22, 2012

Pollution Probe supports the Applications for the following reasons:

1. Biomethane is a major potential source of **GHG emission reductions** (maximum near-term potential reductions are more than 45% of Ontario's overall 2020 GHG reduction target);¹
2. The **ratepayer impact** is capped and reasonable;
3. The GHG emission reduction **costs are reasonable** (roughly \$24 per tonne² compared to \$86 to \$245 per tonne³ for wind power);
4. The proposed applications **fit within the Board's statutory mandate** to promote energy conservation and efficiency and to determine the reasonableness of rates; and
5. The utilities are well placed to develop and implement these programs because they are **natural gas experts** and are efficient, well-managed private corporations.

Pollution Probe proposes some small changes to maximize cost effectiveness:

1. **Exclude free riders** – Existing suppliers of biogas or biomethane should be ineligible unless they can show that significant GHG reductions would result from their participation in the program.
2. **Prioritize lowest cost GHG reductions** – Projects with the lowest cost per tonne of GHG reductions should be prioritized, for example by:
 - (i) Requiring that at least 75% of projects be “low cost” (e.g. projects resulting in emission and substitution reductions);
 - (ii) Excluding projects with the highest cost GHG reductions (e.g. small AD projects resulting in substitution reductions only); and/or
 - (iii) Giving preference to projects with lower cost GHG reductions where capacity is limited, or if it appears that the program volume cap will be reached.
3. **Report on GHG reductions** – The utilities should report on the expected incremental GHG reductions from each project and the overall program, only including reductions that would not have occurred but for the program (i.e. net of free riders).
4. **Mid-program report and review**
5. **Cap ratepayer impact, not volume**

¹ Renewable Natural Gas Application, Exhibit B, Tab 1, Page 8.

² GEC Materials for Cross, Exhibit K1.3; Transcript, Vol. 4, May 3, 2012, pg. 92 ln. 23 – pg. 94 ln. 25.

³ *Incremental Cost of Greenhouse Gas Emissions from Wind Power*, Pollution Probe Cross-Examination Reference Book, tab 5, pg. 17, Exhibit K1.2; Transcript, Vol. 2, April 30, 2012, pg 58-59.