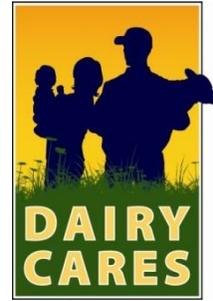


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More market opportunities for dairy biogas digester development as government increases incentives

Biogas digester development continues to get a much needed boost from a variety sources in 2015.

Last April the Obama Administration began implementing a 10-point plan to help rural areas reduce pollution contributing to climate change, including support for 500 biogas installations across the country over the next decade. Tom Vilsack, the Secretary of the U.S. Department of Agriculture (USDA), noted that this partnership would be forged through “incentive-based initiatives” while at the same time “improving yields, increasing farm operation energy efficiency, and helping farmers and ranchers earn revenue from clean-energy production.”

California dairy farmer Leo Van Warmerdam was already taking advantage of such incentives when the USDA program was rolled out. On his farm in south Sacramento County, microbes break down manure from about 1,000 cows into methane which is piped to a biodigester to produce electricity.

Van Warmerdam has enlisted an agent who sells the electricity to a local utility. The agent also deals with a broker who sells carbon-offset credits to major California greenhouse-gas emitters. He notes that offset revenues can provide as much as one-fourth of the revenue of a biogas operation, though he cautions that it will take a while for this offset market to mature.



Leo Van Warmerdam stands next to his dairy biogas digester.

In addition to the USDA program, the California Department of Food and Agriculture (CDFA)

awarded five dairies a total of \$11.1 million in grants for digester projects. These inaugural grants came from the department's new Dairy Digester Research and Development Program (as highlighted in this newsletter last July), which is guided by the principles of the California-Federal Dairy Digester Working group that is seeking to remove barriers to the wide adoption of dairy digester systems.

The biggest boost of all for digester deployment may well come from the enactment of the Clean Energy and Pollution Reduction Act of 2015, which Gov. Jerry Brown signed in October. A key piece of this legislation is the increase in the state's renewable electricity requirement from 33 percent by 2020 to 50 percent by 2030. The path to 50 percent will certainly include more biogas. Just how much more remains to be seen.

Challenges will continue, of course. For example, the implementation of SB 1122, which requires California's three investor-owned utilities to purchase 250 megawatts of bio-energy based electricity, needs fine tuning; and while the USDA's commitment to support 500 biogas installations over the next ten years is commendable, that's way short of the more than 8,200 American biogas opportunities that the U.S. Environmental Protection Agency deemed "technically feasible" at dairies and swine farms in 2010.

California policymakers will need to significantly increase incentives in the coming years, as regulators seek major voluntary reductions in dairy methane emissions. The California Air Resources Board is in the process of finalizing plans to reduce methane from dairies by as much as 75 percent by 2030. The only way that is going to happen is if the state is willing to further incentivize dairy digester development and help improve the economic performance of these projects.

Dairy Cares is a statewide coalition supporting economic and environmental sustainability and responsible animal care. Our members include Bar 20 Dairy Farms, California Cattlemen's Association, California Dairies Inc., California Dairy Campaign, California Farm Bureau Federation, Dairy Farmers of America-Western Area Council, Dairy Institute of California, GHD Services, Inc., Harris Construction, Hilmar Cheese Co., HP Hood, Joseph Gallo Farms, Land O'Lakes, Merck Animal Health, Milk Producers Council, Ruan Transport Corp., Western United Dairywomen, Yosemite Farm Credit and others. For information, visit our web site or call 916-441-3318.