

## **RENEW Wisconsin Policy Brief**

Prepared for RENEW Wisconsin's Energy Policy Summit

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### ***Bioenergy (Biogas & Biomass)***

**Issue:** A leader in biogas and biomass energy usage, Wisconsin has the potential to expand its reliance on these home-grown and renewable energy sources. The state has a well-developed supply chain infrastructure that can build and operate plants, plentiful agricultural and woody feedstocks, and bipartisan political interest in supporting this renewable generation segment. There are currently about 150 biogas-producing applications in Wisconsin serving large dairy farms, food processing facilities, municipal wastewater treatment plants, and landfills, a large number of biomass and co-fired generation power plants, and wood pellet manufacturers located in Wisconsin. Converting water-polluting organic wastes and excess woody biomass into local renewable energy makes environmental and economic sense, and is strongly supported by Wisconsin citizens.

However, major barriers still exist. For biogas, these include valuing the price of renewables, permitting delays, and interconnection to the grid and pipelines. For smaller-scale wood pellet applications, the Focus on Energy program does not offer incentives for oil and propane users and thus no financial incentive program is in place.

**2013 Update:** New biogas generation facilities were completed at a large dairy farm, at a community site serving three dairy farms, at a community facility serving three food processing plants, a facility serving food wastes in Milwaukee, a digester at a small dairy farm, and a number of others, according to Focus on Energy. Ground has been broken for two new biodigesters expected to be completed in 2014: one using dairy manure and food wastes, and the other using manure. One of the 2014 projects is supported largely through third-party financing.

In biomass, We Energies' 50 MW biomass cogeneration plant in Rothschild was placed in service in fall 2013. In addition, a regional group called "Heating the Midwest" set out a vision for achieving 10% of the Midwest's thermal energy from biomass by 2025.

Focus on Energy increased its Renewable Energy Competitive Incentive Program reward from \$250,000 to \$500,000 for biogas and biomass projects as large as \$5 million. Additionally, the legislature passed a biogas property tax exemption. However, the vast majority of utilities are no longer offering special buyback rates or contract prices in purchasing biogas-derived electricity, which was key in financing the 2013 projects. Lower prices for electricity make it difficult for dairies to justify biogas generation if they cannot use all the power internally. The 50 MW biomass plant is likely the last such plant that will be built under the current 10% renewable electricity standard.

The nutrient trading implementation process was started, but has yet to reach a point where digester phosphorus mitigation is monetized.

**2014 Needs:** The following proactive policies should be adopted to sustain continued investment in biogas and biomass energy resources, which will strengthen Wisconsin's agriculture, food products, and wood products industries:

- Incorporate biogas's positive environmental, economic, and grid-support attributes in setting buyback rates;
- Streamline and facilitate interconnection procedures to reduce time, complexity, and cost;
- Allow third parties to own, operate, and sell renewable power to host customers;
- Increase and standardize the net metering size cap for bioenergy projects;
- Increase the Renewable Electricity Standard with a distributed in-state renewable set-aside;
- Enact a Thermal Renewable Energy Standard to promote in-state bioenergy applications;
- Expand the Focus on Energy program to propane and oil customers to open up a new rural market for renewables;
- Get the State of Wisconsin to purchase 20% renewable electricity as mandated in legislation;
- Provide tax incentives for biogas used as transportation fuels and/or electric production;
- Allow biogas pipeline access on county right of ways;
- Expand university and private research into developing economical digester byproducts.