



August 19, 2014

Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
P.O. Box 3265  
Harrisburg, PA 17105-3265  
Attention: Secretary

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2014 AUG 20 PM 3: 21  
PA P.U.C.  
SECRETARY'S BUREAU

RE: Docket L-2014-2404361  
Proposed Net Metering Changes

Dear Commissioners:

I am writing on behalf of the Center for Dairy Excellence in regards to the proposed rule-making curtailing the future opportunity for on farm dairy bio-digesters. In 2004 our organization was created to empower people, create partnerships, and coordinate resources to grow dairy profitability in Pennsylvania. Pennsylvania remains the 5<sup>th</sup> largest milk producing state in the US and ranks 2<sup>nd</sup> in the total number of dairy farms. Situated in the middle of the mid-Atlantic region, the Pennsylvania dairy strategy is focused on providing milk for the growing demand for beverage milk products, Greek and traditional style yogurt, butter, cheese, ice cream, and other dairy products and ingredients. Our dairy center, housed at the Pennsylvania Department of Agriculture, is solely focused on growing the dairy industry in Pennsylvania.

Central to the strategy of the center, is to provide resources which enable our 7200 dairy farm families to operate and produce within this ever changing industry. On farm bio-digester systems have been an important part of this strategy. These systems have been successfully implemented on over 20 dairy operations in the Commonwealth. These farms have paved the way for future use of this technology which produces bio-energy, provides proven and substantial benefits to the environment, reduces farm odor, and provides an ideal medium for food waste digestion and removal.

Dairy is uniquely different in the bio-energy industry. The primary motivation for on farm bio-digester systems is to aid in the management of manure and odor control as the largest concentration of dairy farms in Pennsylvania are near urban areas. Working in concert with our DEP and the EPA, our dairy industry goal of *Environmental Stewardship beyond Compliance* is realized in part, through the adoption of key technologies like anaerobic digestion (AD).

AD technology has evolved and is proven to provide a solution for the isolation and management of nutrients like nitrogen and phosphorus. These nutrients while important to crop management, are the focus of our Pennsylvania water shed nutrient management plan *nutrient reduction plan*.



In 2009, the Center for Dairy Excellence created the “Pennsylvania Dairy Power Stakeholders”; a bio-gas industry stakeholder group which continues to meet to discuss and evaluate opportunities to implement this technology on dairy farms. The group includes dairy farmers, and representatives from the Pennsylvania Departments of Agriculture and Environmental Protection. Representatives from the utilities industry, environmental groups, as well as the Public Utilities Commission (PUC) make up this group of 25 stakeholders. In 2012, this group adopted Points of Agreement including:

Points of Agreement:

1. Enhancing Anaerobic Digester (AD) Technology offers the potential to produce farm based renewable energy, control manure odors, enhance nutrient reduction strategies, improve water quality, and reduce carbon footprint of dairy farms.
2. The advancement and adoption of Anaerobic Digester Technology on dairy farms will require a commitment to the development and enhancement of a world class Pennsylvania technical service and support infrastructure.

Adopting the position of the third condition reflected in RE: Docket L-2014-2404361 proposed rulemaking document “requiring the alternative energy systems be sized to generate no more than 110% of the customer generator’s annual electric consumption” would essentially eliminate this energy production sector. While lost energy production would result, the greatest loss would be the failure of our industry to implement and grow this key component of our statewide nutrient management strategy in dairy, the largest sector of agriculture. .

Our strategy in Pennsylvania is consistent with that of the national dairy industry and United States Department of Agriculture (USDA). On December 15, 2009, the Dairy Innovation Center at Dairy Management Inc. (DMI) signed a Memorandum of Understanding with the USDA, stating the Innovation Center and the USDA will work together to achieve a 25 percent reduction in greenhouse gas emissions by the year 2020. The centerpiece of this strategy is the growth of bio-digester systems on US dairy farm operations. The Dairy Innovation Center initiated a Dairy Power Team which includes more than 100 members from leading institutions, such as Cornell University, University of California-Davis, World Wildlife Fund, Walmart, Dean Foods, Dairy Farmers of America, National Milk Producers Federation and the USDA. If the PUC rule making comes to fruition, the Pennsylvania dairy industry will lose our ability to help lead this ambitious goal within the Commonwealth and throughout the US.

In summary, it would be our hope, we could work together to support the goals of the Pennsylvania and US dairy industry in relation to the adoption and use of this technology. Additionally, the impact of the 110% maximum cap of would have significant and devastating consequences to the existing dairy digester systems producing electricity. The profitability of these systems is heavily dependent upon the sale of electricity. Placing a ceiling on energy production and sale, would force farms using the technology to discontinue use and remove the opportunity for future dairy systems to be considered.



In summary, The Center for Dairy Excellence raises the questions listed below. We are available for discussion on these items.

1. Will current operating AD systems on dairy farms, be allowed to produce and place on the grid, above the 110% production level?
2. Will these operators be asked to "flare" any production above 110% and not place on the grid?
3. If they are allowed to place on the grid, what monitoring system will be used to calculate 110% of usage?
4. Dairy farms use of electricity fluctuates by season. Warmer season months require increased use of electricity for the use of fans to cool dairy cows. Colder season months usage levels are decreased because dairy cows prefer colder weather and do not require heating systems which would require electric power. Will 110% usage be considered on an annual basis, monthly, seasonal, or other basis?
5. How will 110% usage be calculated?

Thank you for your consideration,

A handwritten signature in black ink that reads "John Frey".

John Frey  
Executive Director  
Center for Dairy Excellence

CENTER FOR  
**Dairy** EXCELLENCE

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Harrisburg, PA 17110-9408

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