

May 27, 2015

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

RE: Docket L-2014-2404361

Dear Commissioners:

I am writing on behalf of the Center for Dairy Excellence in regards to the proposed revisions to the regulations that would significantly reduce 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 5th largest milk producing state in the US and ranks 2nd 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.

On-farm anaerobic digesters systems have been successfully implemented on over 20 dairy operations in the Commonwealth. These 20 farms have paved the way for future use of this technology which produces renewable bio-energy, provides proven and substantial benefits to the environment, reduces farm odor, and provides an ideal medium for food waste digestion and removal. The center is currently working with 8 additional dairies who are considering an on-farm anaerobic digester.

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. Subsequent to these primary motivators has been the advent of food waste management; originating from our food industry neighbors in these urban areas. In essence, dairy farm bio-digester technology has developed as a solution component of an environmental problem. The technology has matured into a solution for a food waste disposal problem and provided additional revenue for these dairy operations.



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 the following points.

Points of Agreement:

1. Enhancing Anaerobic Digester 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. On-farm biogas production is important to the future profitability and viability of the PA dairy industry and will enhance dairy producers’ competitiveness and ability to co-exist with urban population centers
3. 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.
4. Dairy generated electrical power should be viewed as another locally produced Pennsylvania farm product and represents a potentially premium product for environmentally conscious markets.

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 a maximum cap of would have negative consequences to existing and future dairy digester systems.

Finally, the nearly two dozen dairy farms with on farm bio-digesters, while only representing .0002% of farms, does represent more than 5% of Pennsylvania produced milk. It is imperative that decisions regarding the future regulatory environment under which current and future on-farm anaerobic digesters operate is encouraged and not discouraged. With that being said it would appear the current regulatory oversight works well and should not be altered. I encourage your strong consideration to keep the status quo.

Thank you for your consideration,

A handwritten signature in cursive script that reads "John Frey".

John Frey
Executive Director
Center for Dairy Excellence

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Dairy EXCELLENCE
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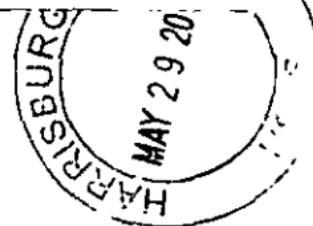
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