March 4, 2013

Mary Nichols, Chairman

California Air Resources Board

1001 “I” Street

Sacramento, CA 95814

 **Re: Allocation of Cap and Trade Proceeds for Bioenergy**

Dear Chairman Nichols:

BIOGAS Equity 2, Inc. submits these comments on the Draft Concept Paper for the Cap-and-Trade Auction Proceeds Investment Plan. We urge the Air Resources Board to invest cap and trade proceeds in bioenergy development, and especially anaerobic digesters for dairy manure and urban organic waste as well as dirty wood, forest clean up wood and debris which are critical to reduce greenhouse gas emissions and environmental justice impacts.

Bioenergy provides renewable electricity, low carbon fuels, combined heat and power, and renewable natural gas. It significantly reduces methane emissions from dairies and converts those emissions into clean energy and low carbon fuels. Excess agricultural and organic urban waste can also be used to create clean energy. Bioenergy from forest biomass diverts excess biomass away from business as usual pile/burn practices while helping to mitigate wildfire behavior thus protecting and enhancing carbon sequestration in California’s forests.

Bioenergy is also important to reduce environmental justice impacts by replacing heavily polluting diesel and other fossil fuels with cleaner, low carbon fuels. Bioenergy also reduces environmental impacts by reducing landfill waste and the air, water and odor pollution from dairies, landfills and wastewater treatment facilities in or affecting environmental justice communities.

For all these reasons, we urge the Air Board to invest a large portion of the cap and trade proceeds in waste to energy business endeavors

* Dairy digesters to convert methane to low carbon fuels and renewable electricity;
* Forest biomass to divert excess forest biomass that is currently piled and burned into bioenergy and reduce wildfire risks that will enhance and maintain forest carbon sequestration;
* Energy production from municipal solid waste, wastewater treatment facilities, food processing and other urban organic waste sources; and
* Production and use of low carbon fuels from organic waste in environmental justice communities.
1. **Bioenergy Reduces Greenhouse Gas Emissions**

Bioenergy is critical to provide reducing greenhouse gas emissions. In addition to providing the lowest carbon fuels, bioenergy is the most effective means to reduce greenhouse gas emissions from urban organic waste, wastewater treatment facilities, dairies and other agricultural waste. It is also one of the most important means to maintain carbon sequestration in California’s forests. Supporting the conversion of dairy manure will enhance the environment through odor reduction and reduced water table and air contamination. Fields can then be treated with enhanced natural fertilizer. Converting urban trash to renewable energy or fuel substitutes will divert large amount of waste from landfill and reduce the number of trash truck miles. Converting trash trucks to RCNG will lead to cleaner air for us to breathe. Anaerobic digestion of the organic portions has been proven successfully and new clean gasification technologies are coming online that yield renewable energy or diesel and gasoline clean substitutes. There is a cost to converting waste to renewable energy, and we look to a large portion of the cap and trade proceeds to get to critical mass and sustainable businesses. Once the critical mass is reached, credibility will be gained and private investment money will follow to accelerate the waste conversion and employment opportunity growth. Providing the seed money now will also enrich the cap and trade stability and credibility.

1. **Role of Bioenergy in Addressing Environmental Justice**

Bioenergy is also important to address environmental justice impacts. Biofuels can replace highly polluting and toxic diesel emissions from heavy-duty vehicles, which tend to be concentrated in and near environmental justice communities. Bioenergy can also reduce air and water pollution caused by fossil fuel-burning power plants. Diverting organic waste from landfills, dairies and wastewater treatment facilities also reduces pollution and odors that impact environmental justice communities. Finally, developing anaerobic digestion and methane capture onsite reduces pollution and odors and makes waste handling much cleaner with fewer impacts on neighboring communities. Using the cap and trade proceeds for local waste to energy plants will become the seed to form micro grids where the population gets to see the benefits on a local scale through reduced waste hauling fees and stable power bills. Being in charge of the destiny of your own community will work wonders in for better behavioral discipline and community support.

1. **Environmental and Economic Benefits of Bioenergy**

Bioenergy has many other co-benefits as well. It helps to create jobs and new businesses, especially in rural and low-income communities. It provides clean energy and fuels, helping California meet its RPS, energy storage and other clean energy policies. It reduces organic waste going into landfills and prevents flaring of gas from landfills and wastewater treatment facilities. Bioenergy can also reduce air, water and odor pollution, and it helps to protect forests and forest ecosystems. There will always be plenty of waste and to pro actively support the conversion to renewable energy will be an inspiration for the effected population to get educated, reduce waste generation and maximize conservation and recycling.

1. **Specific Recommendations**

Because of the unique benefits of bioenergy, including its significant benefits for disadvantaged communities, BIOGAS Equity recommends that ARB invest cap and trade revenues to:

1. Commercialize dairy digesters to capture uncapped methane emissions and convert them to renewable electricity and low carbon fuels, producing organic fertilizers and creating carbon offsets under one of only four approved carbon offset protocols in California.

2. Commercialize community-scale forest biomass facilities that are located to maximize benefits for wildfire reduction, watershed protection and carbon sequestration.

3. Produce low carbon fuels from wastewater treatment facilities, landfills and other urban organic waste sources that directly benefit environmental justice communities by reducing fossil fuel use, especially diesel, in those communities.

4. It would be wise to invest much of the cap and trade moneys in the latest waste to energy technologies that have been proven in Europe. This heavy investment combined with long term planning and stability will afford the waste to energy companies to reach critical mass. Costs will come down and accelerate building of hundreds of plants with large opportunities for employment.

Sincerely,



Mike Muller

COO

cc: Cliff Rechtschaffen, Senior Advisor to Governor Brown

 Ana Matosantos, Director, Department of Finance

 Matt Rodriquez, Secretary, California Environmental Protection Agency

 Karen Ross, Secretary, California Department of Food and Agriculture

 Ken Pimlott, Director, CalFire

 Scott Smithline, Deputy Director, CalRecycle