

CALIFORNIA WASTEWATER CLIMATE CHANGE GROUP

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December 10, 2008

Submitted electronically to the California Air Resources Board

From: The California Wastewater Climate Change Group

Subject: Proposed AB 32 Scoping Plan Document

The California Wastewater Climate Change Group (CWCCG) is an industry coalition of wastewater treatment agencies. CWCCG member agencies treat approximately 90% of the municipal wastewater in the state of California. The primary purpose of CWCCG is to respond to climate change and forthcoming regulations and to provide a unified voice for the California wastewater industry. Our members are very proactive in climate change issues. In 2008 we worked directly with the California Climate Action Registry (CCAR) and the California Air Resources Board (ARB) to develop the wastewater treatment methodology in Chapter 10 of the Local Government Operation Protocol for the quantification and reporting of greenhouse gas (GHG) inventories. We are also working with Columbia University, the Water Environment Research Foundation and other international entities to further develop the accuracy of estimating GHG emissions from wastewater treatment processes.

CWCCG has reviewed the Proposed AB 32 Scoping Plan Document and appreciates the opportunity to provide comments to the ARB. Our comments on the Scoping Plan focus primarily on the recommendations that are related to the wastewater sector.

General Comments

- CWCCG commends ARB for specifying in the November 14, 2008, Scoping Plan Errata Sheet that sectors are obligated to Cap & Trade for “anthropogenic emissions only”. This is an important step that will encourage the utilization of organic materials and biogas for renewable beneficial uses by local governments. The CWCCG asks that the distinction between biogenic GHG emissions and anthropogenic emissions be made even clearer with specific examples so that the short cycle carbon from many waste-stream operations is not incorrectly targeted for command and control or cap and trade regulatory programs. Making such a clarification will maximize the energy output from the renewable fuels and feedstock generated by our member agencies, including digester and landfill gas, biosolids, and foodwaste.
- CWCCG asks that the ARB distinguish wastewater sector specific recommendations from the rest of the water sector and guide future

- regulatory development supporting energy efficiency and renewable energy projects to be coupled with appropriate incentives for wastewater facilities.
- There must be an economic off-ramp, triggered by pre-determined economic and other performance markers that will cause the comprehensive program contained in the Scoping Plan to be re-evaluated and possibly re-structured.
- Many projects, despite their consistency with the Scoping Plan and the good will of the local governments attempting to implement them will face significant community opposition for a variety of reasons. Combined heat and power projects is an example of a Scoping Plan strategy that could run into community opposition because of location of a facility or because of insufficient offset credits, etc. ARB's active and supportive participation in these projects is very much needed to move them along.
- CWCCG member agencies feel strongly that actions that are consistent with and which implement the Scoping Plan should be categorically exempt from CEQA analyses for the GHG aspects of the project.
- Early actions that can be documented, irrespective of when they occurred, should be respected by the Scoping Plan.

Specific Comments

- 1) CWCCG does not support the Public Goods Charge (page 70 & page C-136 of Appendix C) for the following reasons:
 - a) Public utility bills often include charges for water, sewer, and solid waste services on a combined invoice to consumers. Based on our experience, utility bills have an unpredictable amount of "capacity" for rate and fee increases before the public challenges them. Please be aware that adding the Public Goods Charge reduces that "capacity" and could burden the resources available for essential capital and operational improvements.
 - b) It unfairly penalizes proactive communities that have already invested in water use and reuse efficiency measures because the revenue generated by the Public Goods Charge would likely go to communities that have not been proactive.
 - c) CWCCG asks that ARB coordinate with other state agencies on the development of water efficiency standards that result in GHG emissions reductions and remove the public goods charge from consideration due to redundancy with current efforts of other agencies (such as the Governor's 20 percent by 2020 water conservation program).
- 2) Page 110 – Cross Media
 - a) Like the ARB, we are concerned about the cross media impacts that create conflicts among air-, water- and land-based permits and regulations. For example, local air quality regulations in some districts create restrictions for public utilities that make sustainable end-uses of biosolids and other organic materials (i.e., renewable energy, composting, land application) very difficult to implement. Accordingly, the alternative

options require trucking the materials further distances for beneficial end-use applications or landfilling resulting in additional GHG emissions.

- b) California wastewater agencies are working with CalEPA and local regulatory agencies to develop checklists that can be used to assess cross media impacts during regulatory development. We ask that ARB participate in this working group.

3) Page 62 (ERRATA) – Beneficial Uses of Organic Materials

- a) CWCCG commends ARB for encouraging the use of organic materials to produce compost to benefit soils and to produce biofuels and energy. Please add specific language to the Scoping Plan that specifies the feedstock included in the “organic materials” definition, particularly wastewater treatment biosolids and foodwaste.

4) Page C-131, WATER

- a) The proposed Scoping Plan Water Sector discussion should be clarified to point out that a great deal (99%) of the non-power plant natural gas usage attributed to the water sector is *end-user* consumption to heat hot water, among other things, and is not controllable by the water or wastewater utilities. Similarly 73% of the 19% of California’s energy usage that the CEC attributes to water sector-related energy use is actually *end use* consumption. This is an extremely important distinction since otherwise it could be implied that the water sector has *control* over these energy commodities, which is certainly not the case.

5) Page 66 – Bundle Water and Energy Efficiency Improvements

- a) CWCCG commends ARB for the mechanism to make allowances available in a cap-and-trade program that could be used to provide additional incentives for local governments, water suppliers, and third party providers to bundle water and energy efficiency improvements. CWCCG strongly supports this proposal so that incentives for GHG reduction opportunities will abound for all communities and emissions reductions projects—small and large.

6) Page 27 – Local Government Operations Protocol (LGOP) for estimating GHG emissions

- a) CWCCG commends ARB for engaging the California Wastewater Climate Change Group and supporting a voluntary emissions reporting methodology that helps the wastewater industry understand wastewater treatment process emissions.
- b) Since the LGOP methodology is too broad to understand the actual emissions at specific wastewater treatment plants, research by the Water Environment Research Foundation and Columbia University is underway that will yield more accurate methodologies to estimate wastewater treatment GHG emissions (i.e., N2O and possibly CH4) for specific processes.
- c) However, since funding is very limited and the ability of local governments to contribute under the current national economic crisis is extremely challenging, we request that the

State of California help fund this important study and lobby the Federal government for support.

- 7) Climate Adaptation Strategy, Water Recycling (page C-131), and Increasing Renewable Energy Production in the Water Sector (page C-135)
 - a) Given the financial challenges faced by local governments, particularly in the current national economic crisis, CWCCG asks that the State provide financial incentives to enable these programs and lobby the Federal government for support. We believe this is essential if California is to meet its 2020 climate change policy goals.
- 8) Page C-11, Appendix C - Cap & Trade (C&T)
 - a) All operations of essential public services should not be included under C&T programs for a variety of reasons as addressed in earlier correspondence. Essential public services, as defined by the South Coast Air Quality Management District's New Source Review regulations, should be regulated under command and control regimes, with the ability to create offsets from additional controls that can be used by others for C&T compliance purposes. We are concerned that competing in a C&T market may:
 - i) raise the price of allowances for all public agencies within the cap requirement by increasing the demand for these credits
 - ii) result in rate increases that, when passed on to the customer, could have a significant impact on small businesses
 - iii) subject public utilities to the uncertainties of supply and demand of credits in fulfilling their mandate to provide infrastructure or essential public services in a timely manner
 - (1) providing assurances of availability of credits or early banking of credits could mitigate this disadvantage
 - iv) create a competitive disadvantage in the marketplace for public agencies because of budgetary restrictions and time constraints associated with obtaining approvals for the use of public funds
 - (1) the budget processes and cycles of essential public services, especially enterprise funds, cannot accommodate volatile swings and price increases in the C&T market
 - v) require additional staff and resources likely needed to manage a C&T program and find the best credit deals in the marketplace
- 9) Page C-159, Appendix C – Alternative Daily Cover (ADC)
 - a) The Scoping Plan says use of ADC competes with use of organic materials as a feedstock for compost. While this point may have validity, it needs to be reviewed on a case by case basis that includes a complete life cycle carbon assessment. In some cases ADC may have a smaller CO2 footprint when compared to other organics reuse options,

given the proximity of several landfills to the major urban centers in the Bay Area. In the San Francisco Bay Area, ADC is the organics management option for the biosolids of many POTWs (approximately 70%) because the capacity for composting is limited, while landfills offer a nearby and sustainable biosolids management solution.

10) Page C-133, Appendix C – Water Recycling

- a) Water recycling is an example where the perceived benefits could be outweighed by GHG consequences when life cycle carbon impacts are taken into account. This needs to be reviewed on a case by case basis. CWCCG asks that the ARB carefully coordinate programs in the Scoping Plan and programs developed by other state agencies, such as the State Water Resources Control Board, to make sure that the overall energy minimization and GHG reduction goals are not being compromised.
- b) We also ask that ARB consider the overall energy required to provide both fresh water and recycled water when considering future water recycling policy.

11) Page C-162, Appendix C – Anaerobic Digestion

- a) The Scoping Plan limits the options of developing “conversion technologies” for the production of renewable energy from organic material to Anaerobic Digestion. CWCCG asks that the ARB expand these options to include other proven and emerging technologies. In the marketplace, conversion technologies refer to a wide array of biological, chemical, thermal, and mechanical technologies capable of converting post-recycled residual solid waste into useful products and chemicals, green fuels such as hydrogen, natural gas, ethanol and biodiesel, and clean, renewable energy such as electricity. When organic materials (i.e., biosolids, greenwaste, wood waste, foodwaste, etc.) are utilized as feedstock for energy production, anthropogenic GHGs will be reduced.

12) Page 17, Table 2

- a) Please provide background information on how the 2020 Reductions (MMTCO₂E) for each of the Recommended Reduction Strategies are estimated.

Again, the CWCCG appreciates the opportunity to review and comment on the Proposed AB 32 Scoping Plan. We respectfully urge you to consider our comments. If you have any questions or comments, please contact Daniel McGivney at (951) 928-3777 ext.6329 or Randy Schmidt at (925) 229-7333. Thank you for your consideration.