



WASTE MANAGEMENT

Public Affairs

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March 11, 2009

Jeannie Blakeslee
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Via Email: jblakesl@arb.ca.gov

Subject: Comments on Proposed Fees for Sources of Greenhouse Gas Emissions

Dear Ms. Blakeslee:

Thank you for the opportunity to comment on draft proposed regulations for the establishment of state fees to be charged by the California Air Resources Board (CARB) for the emission of greenhouse gases (GHGs). You requested at your January 27, 2009 workshop that comments on this draft regulatory proposed be received by today's date. Waste Management (WM) provides comprehensive solid waste and recycling services in California and throughout North America. In response to concerns over Global Warming, WM is actively seeking opportunities to secure lower carbon intensity fuels to power our fleet of solid waste and recycling collection vehicles.

Waste Management is not opposed to the creation of a reasonable fee to support the administrative costs of California's GHG regulatory program. In general, we understand that the intent to apply the fee to the applicability of the fee to GHG emissions from the combustion of fossil-derived fuels.

Biogas and Biomass Fuels should be Specifically Excluded

We further understand that the intent of the regulations is not to apply the fee to biomass derived fuels that are a low carbon substitute for fossil fuels. Towards this end, we request that the proposed regulations be further clarified to not apply to "biogas" or "biomass" fuels – particularly those that are derived from waste materials. For example, one of the lowest carbon fuels available in California in the foreseeable future will be liquefied natural gas (LNG) or compressed natural gas (CNG) that is produced from landfill gas. This year WM expects to be producing 13,000 gal/day of LNG from landfill gas at our Altamont facility in Alameda County (see attached fact sheet). Based on independent analyses by both independent entities and CARB, this fuel will have one of the lowest carbon intensities of any fuel available in California.

We do not believe that CARB intends to subject this type of very low carbon fuel to GHG fees you are proposing.

We suggest that the proposed rule be clarified to add an additional exempted fuel category in proposed section 95201 (b):

(10) *Biomass or biogas fuels.*

Further we suggest you use definitions for these terms as currently proposed to be incorporated into CARB's LCFS regulation that has been released for formal 45-day public notice:

"Biogas (also called biomethane)" means natural gas that meets the requirements of 13 CCR §2292.5 and is derived from anaerobic digestion of agricultural waste, animal waste, or other biomass.

"Biomass" has the same meaning as defined in "Renewable Energy Program: Overall Program Guidebook," 2nd Ed., California Energy Commission, Report No. CEC-300-2007-003-ED2-CMF, January 2008, which is incorporated herein by reference.

The above referenced definition for "Biomass" from the Energy Commission's Program Guidebook is:

"Biomass" means any organic material not derived from fossil fuels, including agricultural crops, agricultural wastes and residues, waste pallets, crates, dunnage, manufacturing, construction wood wastes, landscape and right-of-way tree trimmings, mill residues that result from milling lumber, rangeland maintenance residues, biosolids, sludge derived from organic matter, wood and wood waste from timbering operations.

Biodiesel Blends should be Proportionally Excluded

As currently proposed, the regulation could be interpreted to only exclude 100% biodiesel from the fee regulations. We suggest that the biodiesel fraction of a biodiesel blend should be similarly excluded. Thus, for example, a B-20 biodiesel blend would only have to pay the fee on the 80% portion of the fuel that is still derived from fossil fuel. Referenced standard ASTM D 6781-08 in the definition biodiesel is for pure (100%) biodiesel prior to use or blending with diesel fuel. We suggest that the first part of the proposed definition for "Biodiesel" be modified as follows:

(5) "Biodiesel" means a diesel fuel substitute, or blended portion of a diesel fuel substitute, produced from nonpetroleum renewable resources that meet the registration requirements for fuels and fuel additives established by the Environmental Protection Agency under section 211 of the Clean Air Act. It includes biodiesel meeting all of the following . . .

Jeannie Blakeslee
Comments on Proposed Fees for Sources of Greenhouse Gas Emissions
March 11, 2009

Page 3

This language will clarify that the fees on a B-20 blend would only be imposed on the 80% portion of the biodiesel blend that is derived from petroleum. Similarly, for B-5, the fee would be imposed on the 95% portion of the biodiesel that is derived from petroleum.

Again, thank you for the opportunity to comment. I would appreciate being kept informed on future opportunities to participate in the development of these regulations. Please let me know if you have any questions about these comments or if you require further information.

Sincerely,



Charles A. White, P.E.
Director of Regulatory Affairs
Waste Management/West

Attachment: Recovery and Utilization of Biomethane Landfill Gas for Transportation Fuel

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