Subject:
ARB's Voluntary early action items
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I wanted to comment on ARB's "draft Policy Statement on Voluntary Early Actions to Reduce Greenhouse Gas Emissions". This is a thoughtful document that recognizes the importance of encouraging measures now that will have immediate benefits.

There is one important issue that seems to be overlooked. I have been working with the agricultural sector to voluntarily implement technologies and practices that reduce greenhouse gas (GHG) emissions (which often have other water and air quality benefits). However, what has been encountered as one of the biggest barrier to putting these voluntary technologies and practices on the ground is not just fear by proponents that they will be penalized for early actions; the problem that we have seen is getting projects approved by the regulatory agencies. And the fear from what they learn is required is arguably an order of magnitude greater. Not only can projects be difficult to get approved but some existing facilities that reduce GHG emissions are being forced to shut down by regulators for reasons that demonstrate a broken regulatory logic.

Without naming a specific facility, let me give an actual example. A facility that composts manure to turn it into a beneficial resource recently shut it doors. Recognize that if done right, composting manure can actually reduce GHG emissions, among other benefits, and is an activity the State's Integrated Waste Management Board encourages. One of the goals of this particular facility was to transform manure from a source of nitrate pollution of surface and groundwater to a resource that could be reused and distributed to where nutrients are needed, such as in gardens, parks, fields, etc. However, when manure is composted some ammonia is released, a PM precursor. When manure is not composted an equal or greater amount of ammonia is released. But because a composting facility is a stationary source subject to air quality regulation and a manure pile on a farm is not, the composting facility option has had to comply with very stringent requirements. In this particular air district, that means constructing a building that encloses the operation and prevents emissions. Such facilities typically cost several million dollars for commercial scale composting. That turns out to be prohibitively expensive for compost operators. As a result, the facility stopped taking manure and recently shut down. However, the story doesn't end there. The generators of the manure are required to remove it from their farms because of the threat posed by raw manure to surface and groundwater. That has meant trucking it substantial distance (up to 200 miles or more) to farmland where it can be applied (and if they can't afford trucking leaving it on farm where it pollutes groundwater). And it requires using a large number of diesel trucks to haul it away. Diesel trucks, of course, cause significant air pollution including not just PM but also NOx and hydrocarbons. So the unintended consequence of the air district requiring expensive control measures for a composting facility that probably

caused no net increase in air pollution (and may have prevented some) is both more air pollutants (NOx, HC, VOC, etc) and greater quantity of pollution from diesel trucks. But because the trucks moving the manure long distance aren't regulated by the air district, that was not factored into their regulatory approach.

The take away lesson from this is that our regulatory structure is indifferent to net environmental benefits. You can have a project that destroys 1000 units of air, water or GHG pollution (or prevents emissions) from an unregulated source but creates 10 units of the same or different pollutant from a regulated source. If available control technology cannot reduce that "new" pollution below the regulated level of say 5 units, or it is too expensive for the project to be viable, that project will stall or fail. This emphasizes the point that a regulatory standard does not always benefit the public health and environmental regulations have unintended consequences, that can actually discourage environmentally beneficial practices, in this case reducing GHG emissions and water and air pollution. That is happening now and the problem is getting worse.

This is not an isolated example. Companies with new GHG technologies that significantly reduce GHG emissions are walking away from California because of their experience with the agencies. And many of the facilities who would otherwise adopt these technologies and practices are taking note and not pursuing projects. And that is a shame.

What is invisible to the State agencies and policies makers is how these regulatory failures have a cascading effect. It is not just the facilities that are shut down or the applicants that are not approved. They are at the top of a pyramid of potential project developers. Their stories circulate within their respective industries and beyond. Others who would otherwise pursue projects learn the lesson that the agencies don't care about protecting the environment; they care about protecting regulations. Irrespective of whether that is a misunderstanding, that is the message. The result is bad for everyone.

ARB needs to find a way to incorporate a systems approach to GHG reduction projects. ARB's policy statements and AB 32 implementation regulations may be the best platform for doing that but it may require thinking "outside the box" when developing policies and regulations. If we don't fix this problem, and get a workable system, California will not be the GHG leader it intends to be. We will be an example of folly.

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