



Central Contra Costa Sanitary District

Protecting public health and the environment

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September 30, 2013

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California Air Resources Board
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ELAINE R. BOEHME
Secretary of the District

RE: CENTRAL CONTRA COSTA SANITARY DISTRICT'S COMMENTS ON
PROPOSED AMENDMENTS TO THE CALIFORNIA CAP ON GREENHOUSE
GAS EMISSIONS AND MARKET-BASED COMPLIANCE MECHANISMS
SCHEDULED FOR PUBLIC HEARING ON OCTOBER 24, 2013

Dear Sir or Madam,

Central Contra Costa Sanitary District (CCCSD) appreciates the opportunity to comment on the proposed amendments to the California Air Resource Board (ARB) Cap and Trade Program with respect to "but for" combined heat and power (CHP) facilities. CCCSD fully supports the proposed amendments and believes it will result in a net reduction in greenhouse gas (GHG) emissions.

CCCSD, a wastewater treatment plant located in Martinez, California, provides treatment of approximately 45 million gallons per day of wastewater to 462,000 residents and businesses in Central Contra Costa County. Our goal is to protect the public health and provide wastewater treatment at responsible rates. CCCSD operates a CHP Cogeneration unit that combusts natural gas to generate steam and electricity for the treatment plant. The steam produced by Cogeneration is used to drive the steam turbine that provides power to the aeration blowers for the secondary treatment process. The combustion of natural gas in Cogeneration reduces overall GHG emissions and offers a twofold benefit of electric and thermal energy recovery.

Currently, CCCSD is importing electricity from the grid to remain under the threshold for inclusion in the Cap and Trade Program. Under the proposed regulations, CCCSD would be able to operate Cogeneration at maximum output to provide a reliable and cost-effective source of steam and electricity for the treatment plant while reducing overall GHG emissions.

Under the current regulations, facilities have an incentive to cease operation of their CHP facility and import electricity from the grid to reduce their compliance obligation

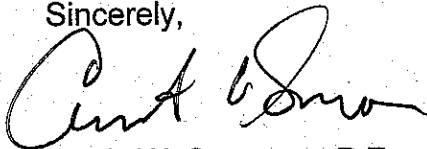
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with the Cap and Trade Program but the net result is an increase in overall GHG emissions. The proposed amendments exempting those emissions from CHP that result in useful thermal energy (i.e. 150 psig steam) would allow facilities with CHP to reduce overall greenhouse gas emissions and produce energy, both electric and thermal, more efficiently while supporting the long-term goals of the Cap and Trade Program.

In 2015, natural gas suppliers will be subject to comply with the Cap and Trade Program. This will drive up prices for both natural gas and Cap and Trade compliance instruments. To minimize the impact on CHP facilities, CCCSD strongly suggests this exemption be extended into the second compliance period (2015 - 2017).

Please contact Senior Engineer Randy Schmidt at 925-229-7333 with any questions or concerns.

Sincerely,



Curtis W. Swanson, P.E.
Director of Operations

CWS:vp

cc: R. Bailey
A. Weer
D. Robbins
C. Mizutani
R. Schmidt
R. Cheng
R. Hess

File: Greenhouse Gas Files 2013