



Central Contra Costa Sanitary District

Protecting public health and the environment

5019 Imhoff Place, Martinez, CA 94553-4392

March 27, 2014

PHONE: (925) 228-9500
FAX: (925) 689-1232
www.centalsan.org

[ELECTRONIC SUBMITTAL VIA ARB.CA.GOV]

ROGER S. BAILEY
General Manager

KENTON L. ALM
Counsel for the District
(510) 808-2000

ELAINE R. BOEHME
Secretary of the District

California Air Resources Board
Attn: Clerk of the Board
1001 I Street
Sacramento, CA 95814

RE: CENTRAL CONTRA COSTA SANITARY DISTRICT'S COMMENTS ON THE
15-DAY NOTICE OF PUBLIC AVAILABILITY OF MODIFIED TEXT FOR
AMENDMENTS TO THE CALIFORNIA CAP ON GREENHOUSE GAS EMISSIONS AND
MARKET-BASED COMPLIANCE MECHANISMS

Dear Sir or Madame:

Central Contra Costa Sanitary District (CCCSD) appreciates the opportunity to comment on the proposed amendments to the California Air Resources Board (ARB) Cap and Trade regulations with respect to the limited exemption of emissions associated with qualified facilities operating a cogeneration unit. CCCSD supports the proposed amendments and believes that it will result in a net reduction in greenhouse gas (GHG) emissions. In addition, CCCSD appreciates that ARB has extended the limited exemption for qualified cogeneration facilities to include the first, second, and third compliance periods.

CCCSD operates a permitted wastewater treatment facility in Martinez, California, and provides treatment of approximately 45 million gallons per day of wastewater to 462,000 residents and businesses in the Central Contra Costa County. Our business mission is to protect the public health and provide wastewater treatment at responsible rates. CCCSD operates a Cogeneration unit that combusts natural gas to generate steam and electricity for the treatment plant. The thermal output generated 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 cost-effective, twofold benefit of electric and thermal energy recovery.

Based on the proposed amendments in Section 95851, only facilities with cogeneration units can qualify for the limited exemption of emissions if they meet or exceed the Cap and Trade annual inclusion threshold of 25,000 MT CO₂e. CCCSD is not currently subject to Cap and Trade. CCCSD imports electricity from the grid to remain under the Cap and Trade annual inclusion threshold. The proposed amendments in Section 95851 does not incentivize cogeneration facilities, such as CCCSD, that are below the Cap and Trade inclusion threshold

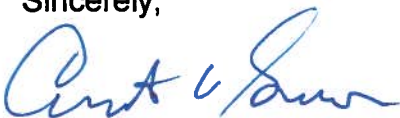
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to operate cogeneration at maximum output as a means to provide a reliable and cost-effective source of thermal and electrical energy while reducing overall GHG emissions. CCCSD strongly suggests including facilities with cogeneration units that are under the annual inclusion threshold for Cap and Trade in the limited exemption of emissions. This will further incentivize facilities with cogeneration units to reduce their dependency on the grid and to maximize their cogeneration output of electricity and recoverable thermal energy.

In accordance with the proposed Section 95852(j), a facility with a cogeneration unit would only qualify for the limited exemption of emissions from the production of qualified thermal output if the facility's annual covered emission and remaining covered emissions both meet the two conditions listed in 95852(j)(1) and 95852(j)(2) for each year from 2008-2013. CCCSD strongly recommends the qualification period for the limited exemption be extended to include years 2014-2020.

Please contact Senior Engineer Randy Schmidt at 925-229-7333 for any further discussions or questions.

Sincerely,



Curtis W. Swanson
Director of Operations

CWS:ARW:RS:RC:amt

California Air Resources Board

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Email bcc:

R. Bailey

C. Swanson

A. Weer

N. Meyer

C. Mizutani

N. Morales

R. Schmidt

R. Cheng

R. Hess

Hard Copy

Control Room

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