

CALIFORNIA WASTEWATER CLIMATE CHANGE GROUP

April 23, 2013

Mary Nichols, Chairman
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814

Re: California Wastewater Climate Change Group Comments Regarding the Draft Cap-and-Trade Auction Proceeds Investment Plan for Fiscal Years 2013/14 through 2015/16

Dear Chairman Nichols and Board Members:

The California Wastewater Climate Change Group (CWCCG) appreciates the opportunity to comment on the Draft Cap-and-Trade Auction Proceeds Investment Plan (Draft Investment Plan). The CWCCG is a statewide group of municipalities that collect and treat over 90 percent of municipal wastewater in California, many of which provide recycled water services and actively participate in the beneficial use of biosolids and biogas in support of AB 32 goals. The CWCCG's mission is to address climate change policies, initiatives, and challenges through a unified voice advocating for California wastewater community perspectives and appreciates the leadership of the California Air Resources Board (CARB) on climate change issues.

The California Association of Sanitation Agencies, or CASA (one of four organizations working in collaboration to support CWCCG), submitted a letter on March 8, 2013 providing comments on the Draft Concept Paper (released February 15, 2013). CWCCG supports the positions laid out in CASA's letter and we were pleased to see that many of our concerns were incorporated into the Draft Investment Plan (April 16, 2013). CWCCG's comments on the Draft Investment Plan primarily relate to projects eligible for auction proceeds in the wastewater community. This letter reaffirms and elaborates on the verbal comments we will also provide at the public hearing on April 25, 2013.

CWCCG supports and recommends the following elements of the Draft Investment Plan:

- Inclusion of wastewater-to-energy (i.e., the generation and utilization of biogas for energy production at wastewater treatment facilities) as an eligible project in the Energy Efficiency and Clean Energy investment priority. These types of projects are critical to providing the greenhouse gas (GHG) emissions reductions sought by the AB 32 Scoping Plan while also addressing environmental justice issues and providing other co-benefits (i.e., public health, safety, and economic benefits, increase in state-wide renewable energy production, etc).
- Inclusion of forest management practices to sequester carbon and reduce black carbon (i.e., fire suppression by land applying biosolids), agricultural management practices to reduce GHG emissions (e.g., use of biosolids as a synthetic fertilizer replacement), and waste diversion (i.e., diverting organic wastes from landfills to wastewater treatment plant's anaerobic digesters or a composting facility) within the Natural Resources and Waste Diversion investment priority.
- CARB to include funding focused on the development of low-carbon transportation fuels (not only the charging/fueling infrastructure).

Each of these items is addressed in more detail below.

As discussed in detail in CASA's March 8 comment letter, bioenergy is critical to providing GHG emissions reductions sought by the AB 32 Scoping Plan while also addressing environmental justice issues and providing other co-benefits (i.e., public health, safety, and economic benefits, renewable energy production, etc). Bioenergy is a renewable resource that reduces GHG emissions by avoiding the

use of fossil fuels in transportation or energy production, by producing the lowest carbon transportation fuels available, and avoiding methane emissions. In addition, other beneficial uses of biomass contribute to the goals of Natural Resources and Waste Diversion, including maintaining carbon sequestration in California's forests (by land applying biosolids), reducing organic waste, and producing beneficial byproducts such as organic fertilizers and soil amendments.

More specifically, bioenergy also helps to address environmental justice impacts by reducing fossil fuel combustion in power plants and motor vehicles that may be located in, or pass through, disadvantaged communities. Many wastewater treatment facilities are located in or adjoin the most disadvantaged communities in California (as identified in Appendix C of the Draft Investment Plan). While some wastewater facilities may not be directly located in those disadvantaged communities, they still serve them through collection and treatment of their wastewater.

The Draft Investment Plan significantly improves upon the Draft Concept Paper in several important respects, specifically the additions of wastewater-to-energy projects (i.e., biogas generation and energy production), forest management practices to sequester carbon and reduce black carbon (e.g., fire suppression), agricultural management practices to reduce GHG emissions (e.g., fertilizing material), and waste diversion projects (e.g., diverting landfill waste to wastewater treatment plants). These projects and practices could be implemented by wastewater facilities and are consistent with recommended investment priorities. In particular, we support the following investment recommendations described in Appendix B of the Draft Investment Plan:

1) Wastewater-to-Energy (B-9)

CWCCG supports the inclusion of investments in wastewater-to-energy projects, both to develop biogas-conditioning technologies and to help install on-site facilities for direct energy production from biogas and/or conversion of biogas to transportation fuel. CARB staff has recently calculated that transportation fuels from wastewater biogas may be the lowest carbon fuels available (as low as negative 63 grams carbon dioxide equivalent (CO₂e) emissions per megajoule). Investment in these areas will help ensure that wastewater biogas is used to produce these ultra-low carbon fuels and clean, renewable electricity instead of flaring (i.e., wasting) a valuable fuel supply. Such investments should also be allocated for full-scale implementation of proven technology and not just for pilot testing and demonstration projects, as many of these practices use established technologies that do not require pilot testing.

2) Forest Management (B-12)

CWCCG supports the inclusion of investments in forest management. The Draft Investment Plan correctly notes that reducing wildfire risks protects public health and safety. Protecting forest ecosystems provides many other co-benefits as well, including improved water quality and supply, wildlife habitat, air quality protection, recreation values and more. Benefits should extend to wastewater agencies since the use of biosolids to reclaim fire-ravaged land and to reduce the severity potential of future fires is a proven but underused strategy (adopted in Santa Ana Regional Water Quality Control Board Emergency Resolution following the Freeway Complex Fires of 2008).

3) Agricultural Management (B-14)

CWCCG supports the inclusion of agricultural management (specifically, development of replacement fertilizing materials that reduce GHG emissions) to improve water quality and provide other co-benefits. Land application of biosolids should be promoted as an efficient recycling practice that avoids fossil fuel intense commercial fertilizer (requiring approximately 0.22 gallons per pound of inorganic nitrogen) and

April 23, 2013

3

sequesters carbon in the soil.

4) Waste Diversion (B-15)

CWCCG supports the inclusion of waste diversion, which represents a significant opportunity to reduce GHG emissions and support CalRecycle's goal to recycle 75 percent of the State's solid waste by 2020 (particularly in environmental justice communities), as well as incentivizing the production of renewable energy by producing additional biogas for electricity generation or conversion to transportation fuel. Regarding organic waste diversion, we urge CARB to provide incentives for organic waste diversion that require anaerobic digestion before it is used to produce compost and/or other products, to maximize the GHG emissions reductions and other co-benefits of this valuable resource. Wastewater agencies should be recognized as significant partners in this effort, as many have existing anaerobic digester capacity to accept hauled-in organic wastes (such as grease and food waste) to divert this waste from landfills and produce additional bioenergy.


5) Low-Carbon Fuels (B-6)

CWCCG recommends that CARB include investments in the production of low-carbon fuels within the Sustainable Communities and Clean Transportation investment priority. While a number of the investment priorities could produce transportation fuels, none specifically target doing so. The recommended investment in low-carbon freight and zero-emission vehicles focuses on equipment and fueling infrastructure, and does not include production of low-carbon fuels. Since the transportation sector is the largest source of GHG emissions in California, and biofuels have very low or negative carbon intensity, investment in the development of those fuels would be an important addition to the Draft Investment Plan. Including a specific focus on production of low-carbon fuels would influence the transition to those fuels, providing significant GHG emissions reductions, benefits to environmental justice communities and other co-benefits from reduced diesel consumption and other associated pollution.

In summary, CWCCG supports the additions made to the Draft Investment Plan and urges CARB to increase the portion of funding allocated to the investment priorities of Energy Efficiency and Clean Energy and Natural Resources and Waste Diversion. We also recommend CARB include funding focused specifically on the development of low-carbon transportation fuels (not only the charging/fueling infrastructure).

Thank you again for the opportunity to comment on the Draft Investment Plan and for the improved additions to the Draft Concept Paper. Please contact me if you have any questions at (925) 705-6404 or sdeslauriers@carollo.com. We welcome the opportunity to meet with you to further discuss the wastewater community's position.

Sincerely,



Sarah A. Deslauriers
Program Manager
California Wastewater Climate Change Group