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Mary Nichols, Chair

California Air Resources Board

10001 “I” Street

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Submitted Electronically:

<http://www.arb.ca.gov/listpub/comm/bcsubform.php?listname=slcp2016&comm_period=N>

Re: Inland Empire Utilities Agency Comments Regarding the Draft Environmental Analysis for the Short-Lived Climate Pollutant Reduction Strategy

Dear Chair Nichols and Board Members:

The Inland Empire Utilities Agency (IEUA) appreciates the opportunity to comment on the Draft Environmental Analysis for the proposed Short Lived Climate Pollutant Reduction Strategy (SLCP). IEUA is a regional wastewater and water agency that provides sewage treatment, solids waste handling and recycled water to the west end of San Bernardino County.

**We concur with the conclusion provided in the Project Description (Appendix C, Draft Environmental Assessment for the Proposed SLCP Reduction Strategy) that California’s existing wastewater treatment plants provide an immediate opportunity to help divert food and the fats, oil and grease (FOG) fraction of organic wastewater from landfills and to create useful byproducts such as electricity, biofuels, and soil amendments, while helping the State achieve its methane emission reduction goals**.

Many of these treatment plants, including ours, have spare capacity that can accept additional sources of organic waste. As pointed out in the Project Description, many of the largest plants are located close to population centers and are in a position to help the State cost-effectively fast-track implementation of the SLCP reduction strategy goal of effectively eliminating disposal of food waste and FOG in landfills provided that wastewater facilities receive the necessary incentives to help make these investments.

IEUA generally supports the key implementation measures listed on page 2-15. We particularly appreciate the inclusion of the development of regional opportunities for co-digestion of organic waste as it will be critical to coordinate regional infrastructure investments to ensure that these are as cost-effective as possible for the public.

We also support the measures that address the alignment of financial incentives with methane capture and reuse at wastewater treatment facilities and the need for interagency collaboration to overcome financial and regulatory barriers to the implementation of anaerobic digestion and organic processing facilities.

However, we believe that it is, at best, premature to suggest that ARB and other agencies should regulate the wastewater sector to take diverted organics. This proposed measure does not address the real challenge facing our industry or the State.

The issue is not the willingness of wastewater treatment plans to accept organic waste streams, but the timely creation of the infrastructure and markets needed to make this enterprise cost effective, as recognized in the subsection calling for financial incentives. If the references to regulation cannot be deleted in the final strategy, we urge that ARB adopt an “incentives first” policy so that the State can better understand how best to develop the infrastructure and markets for success.

**IEUA also reviewed the Supporting Documentation for the Environmental Assessment in the proposed SLCP reduction strategy (Appendix D) and request that staff provide more detailed and if possible more accurate wastewater sector cost estimates and economic analysis in the final Environmental Assessment.** One of the key challenges is that the assumptions used for cost components are not well defined, especially for the capital cost elements. It appears that proposed costs are too low in some categories, such as for pipeline interconnection and gas cleaning equipment. On the revenue side it appears that the assumptions may be overly optimistic, especially regarding low carbon transportation fuel revenue and income related to the sale/use of biosolid products.

We agree with the California Association of Sanitation Agencies (CASA) that costs for these projects can be highly variable depending on the system size, complexity, age of the facility, geographic location, and quality and type of feedstock material. Therefore, it is more appropriate for this analysis to present a range of costs for specific elements. IEUA would like to work with the ARB staff along with CASA in the coming month to ensure that the final economic analysis reflects accurate ranges of potential projects costs and revenues so that these numbers can be appropriate used for targeting the financial incentives described in the measures to implement the SLCP reduction strategy. We have some experience with co-digestion of food waste and will share with you our estimates for these costs when we meet with you.

In summary, we agree with the SLCP reduction strategy conclusion that “leveraging existing excess capacity at California’s waste treatment facilities can dramatically reduce the number of new facilities that may be required to handle diverted waste and help maximize the environmental economic potential of organic waste diversion” (Page 24, Appendix D). Clearly, the capacity of these existing treatment facilities could potentially handle most of the food waste and FOG that needs to be diverted from landfills. Providing the financial incentives to wastewater treatment agencies to leverage these facilities is the fastest and most cost effective way to achieve the goals set in the SLCP reduction strategy.

We at IEUA and others in the wastewater industry are ready to help the State achieve its SLCP reduction goals. Thank you for your consideration of our comments on this document. Please contact us if you have any questions at 909-993-1600 or via email at mdavis@ieua.org. We look forward to working with you in the coming months.

Respectfully submitted,
INLAND EMPIRE UTILITIES AGENCY



P. Joseph Grindstaff
General Manager