



July 2014

Sustainable Organics Recycling

## AB 1826 to Defer Food Waste Collection

California Air Resources Board adopted the AB 32 Scoping Plan First Update on May 22, 2014, where the top waste management priority is to eliminate the disposal of organic materials at landfills with an expected completion date of 2016, and the top Short-Lived Climate Pollutant top priority is to develop a comprehensive strategy for a methane mitigation plan in 2015. With the Global Warming Potential of methane possibly increasing from 25 to 28 times carbon dioxide to up to 84 times carbon dioxide, CARB is serious about getting organics out of the landfill sooner rather than later.

AB 1826 (Chesbro) is being crafted this year to establish a mandatory commercial organic waste diversion program, requiring businesses that generate a specified quantity of organic waste to arrange for recycling services.

Parlaying off the successful AB 341 (Chesbro, 2011) mandatory commercial collection law, AB 1826 was intended to add mandatory food waste collection in 2016. The California Compost Coalition has maintained a **Support, if amended** position in an effort to reduce bill language thresholds for program enrollment – currently 8 cubic yards per week of organic waste in 2016, and 4 cubic yards per week in 2017, with a final goal of 1 cubic yard per week in 2019.

As proposed, starting in 2016, accounts generating up to 200 tons per year of food waste (or about 125 employees) would be exempt from AB 1826. Only large retail stores like Safeway or Wal-Mart would be required to have programs, which they typically already have in place. In

2017, accounts generating up to 100 tons per year of food waste (or about 60 employees) would be exempt. Only larger chain sit-down restaurants – such as Denny's and Applebee's – would need to enroll in a program in 2017.

Waiting until 2019 to reduce the threshold to 1 cubic yard per week, or about 25 tons per year, would defer mandatory collection of food waste from most fast food outlets and sit-down restaurants of less than 60 employees. Whereas local government, large landfills and environmental organizations have rallied to support AB

1826 with hopes to create a legacy, AB 1826 effectively defers food waste collection from a majority of commercial businesses until 2019.

The deferred phase-in approach for organics collection was based upon the assumption that the compost infrastructure was not in place yet.

With the submittal of 51 compost and anaerobic digestion grant applications to CalRecycle on July 1, 2014 as part of the cap-and-trade revenue program, over \$118 million in projects that are close to being shovel-ready was requested, vying for just \$15 million in funding, representing about 4.7 million tons of material.

AB 1826 is about deferring meaningful organics collection until 2019. The AB 32 Scoping Plan is about getting organics out of the landfills in 2016. There is a policy disconnect from the curb to the landfill. Regardless of collection thresholds, CARB will retain regulatory authority over landfills to mitigate methane generation and eliminate the disposal of organics. We will continue our work with CARB and Cal-EPA to get the job done.

*There is a policy disconnect from the curb to the landfill on eliminating organic materials disposal.*

**AB 1594 (Williams)** – would eliminate the solid waste diversion credit for green waste used as Alternative Daily Cover (ADC) at a solid waste landfill. CalRecycle regulations (Title 14) contain an approved list of ADC materials, which includes processed green material. Jurisdictions currently receive landfill diversion credit for the use of green materials as ADC, which is a major barrier to compost facility development due to its low cost and reduction of available feedstock supply.

AB 1594 passed out of the Senate Environmental Quality Committee on June 25, and moves onto the Senate Appropriations Committee on August 4. Local government amendments, exempting ADC green materials from the mandatory \$1.40 disposal fee surcharge were added in Assembly Appropriations. CalRecycle policymakers have signaled that they may ask for a governor's veto, as the disposal fee exemption creates bad precedent and policy at a time when they are looking to revamp the current Integrated Waste Management Account fee structure.

**AB 1826 (Chesbro)** – would establish a mandatory commercial organic waste diversion program, requiring businesses that generate a specified quantity of organic waste to arrange for recycling services. CCC has maintained a **Support, if amended** position in an effort to reduce current bill language thresholds for program enrollment – currently 8 cubic yards of organic waste in 2016, and 4 cubic yards in 2017, with a final goal of 1 cubic yard in 2019. Our solid waste hauling clients have advised us that the 8 and 4 cubic yard thresholds are too high, disallowing any significant increase in organic waste volume due to the limited number of businesses who produce that level of organic waste which are not already enrolled some kind of program, thus restricting the potential revenue generation necessary to fund new or expanding programs.

We will continue to push for a 2 cubic yard threshold in 2016. The Solid Waste Industry Group (SWIG) has been seeking amended bill language which would set a new 2019 trigger for businesses which generate 1 cubic yard of organic waste and 4 cubic yards of MSW. AB 1826 passed out of the Senate Environmental Quality Committee, on June 25, and moves onto the Senate Appropriations Committee on August 4.

**SB 498 (Lara)** – would revise the definition of the term “biomass conversion” to mean the production of heat, fuels, or electricity by the controlled combustion of, or the use of other non-combustion thermal technologies on, specified biomass materials. SB 498 passed out of the Assembly Natural Resources Committee on June 16, and out of Assembly Environmental Safety and Toxic Materials Committee on June 24, where it was amended, and moves onto the Assembly Appropriations Committee in August. Amendments taken in ESTM include new compliance provisions for the inspection of all biomass facilities, by LEAs, and the tracking and reporting of inbound feedstocks and outbound ash.

**2014-2015 California Budget** – whereas the Governor's Budget proposal (in January) and May revise had allocated \$30 million of Cap-and-Trade auction proceedings towards waste diversion activities – in the form of a CalRecycle grant and loan program designed to fund infrastructure development for recyclable and organic materials diversion programs – this funding was reduced to \$25 million in the final, approved budget, \$15 million in the Organics Grant Program.

CCC, along with numerous other industry, environmental, and local government allies worked diligently during the budget negotiations to successfully restore the specific funding.

### [AB 1594 \(Williams\)](#)

TOPIC: Solid waste: recycling: diversion: green material. ADC

STATUS: 7/1/14 – Read second time and amended. Referred to Committee on Appropriations.

LOCATION: Senate Appropriations

CALENDAR: 8/4/2014, State Capitol, Room 4203, Senate Appropriations, DeLeon, chair

CO-SPONSORS: CCC/CAW

> **SUPPORT**

### [AB 1826 \(Chesbro\)](#)

TOPIC: Solid waste: organic waste

STATUS: 7/1/14 - Re-referred to Committee on Appropriations.

LOCATION: Senate Appropriations

CALENDAR: 8/4/2014, State Capitol, Room 4203, Senate Appropriations, DeLeon, chair.

> **SUPPORT, if amended**

### [SB 498 \(Lara\)](#)

TOPIC: Solid waste: biomass conversion

STATUS: 6/26/14 - Read second time and amended. Re-referred to Committee on Appropriations.

LOCATION: 6/24/14 - Assembly Environmental Safety and Toxic Materials

CALENDAR: TBD (Wednesdays, every week), State Capitol, Room 4202, Assembly Appropriations, Gatto, chair

> **SUPPORT**

### [AB 1021 \(Eggman\)](#)

TOPIC: Alternative energy: recycled feedstock – Sales Tax Exclusion

STATUS: 08/12/2013 In committee: Held under submission.

LOCATION: Senate Appropriations

CALENDAR: Held under submission.

> **WATCH - bring back next year**

### Waste Discharge Requirements for Composting Facilities – Coming Soon!

Over nearly five years, the State Water Resources Control Board (SWRCB) has undertaken efforts to establish statewide regulations for composting facilities. Early in the process, the expectation was that the outcome would consist of a new waiver of Waste Discharge Requirements (WDRs).

A green composting waiver of WDRs was adopted by most regional water boards during the early 1990s. The scope was for only green composting, then-defined as vegetative waste, and some food processing waste, agricultural waste, and paper waste, discharged to land with a volume greater than 500 cubic yards. However, a 1999 statute [Senate Bill (SB 390)] changed California Water Code (Water Code), sections 13269 and 13350, making that waiver void, by requiring all waivers to be renewed (with conditions, fees, and re-adoption every 5 years) or replaced with WDRs.

SWRCB intends to adopt general WDRs that would assist their regional boards in the regulation of composting facilities, which they have deemed a substantial threat to water quality. Unfortunately, the SWRCB approach appears bound to stifle the growth of composting capacity in California.

Formal rulemaking to implement statewide WDRs for composting facilities will be back underway **over the next month** or so, with the

expected release of a programmatic environmental impact report, an economic study of the impacts on the regulated industry, and the revised draft WDRs. If the current draft of the regulations persists, smaller green waste composters (Tier I) would generally have to adhere to standards of the green waste composting “waiver” which expired in 2003.

Larger facilities – and those with more complex feedstocks (Tier II) – will be subject to robust monitoring and reporting requirements and, many, to significantly costly capital improvements to develop and line collection ponds, ditches, and operations pads (likely to run up to several million dollars at a typical site), all of which appear to be overly-protective of water quality by applying landfill design standards to composting operations.

Considerable work remains to be done – either to garner some funding to help meet these new expenses, or reduce their overall scope to a “performance-based” standard – if the composting industry will be able to afford and achieve the necessary expansion to meet the state’s organic recycling goals, including the new requirements of AB 1826 and AB 1594, and potential future goals established by the Air Resources Board in their continued implementation of AB 32.

#### TITLE 14/27

TOPIC: Revision to Compostable Materials & Transfer/Processing Regulations

CalRecycle is updating regulations to address a broad list of topics, mainly related to the expanding diversion of organic materials from landfills. Addition of new language regarding anaerobic digestion, and feedstock definitions, odors, permitting tiers, etc. at composting facilities. Allowable contamination in compost and mulch products remains the largest remaining unresolved issue.

STATUS: Final draft regulations have been published in October 2013. Economic analysis is underway.

Formal rulemaking is expected to be undertaken in August and concluded by the end of 2014.

#### WASTE DISCHARGE REQUIREMENTS

Formal rulemaking has begun by the State Water Resources Control Board (SWRCB) to implement statewide Waste Discharge Requirements (WDRs) for composting facilities.

SWRCB intends to adopt a general order that would assist their regional boards in the regulation of composting facilities, which they have deemed a substantial threat to water quality.

STATUS: Final draft regulations have been published in August 2013. Economic analysis has been completed. The EIR process is underway, with release of a DEIR and General Order expected in August 2014.

#### CFDA RENDERING REGULATIONS

TOPIC: Clarification/revision of Agriculture Code regarding meat scraps collection by solid waste haulers

STATUS: Letter of petition to CDFA by SWIG-led coalition

LOCATION: California Department of Food and Agriculture – Animal Health and Food Safety Services

CALENDAR: TBD

### CalRecycle Organics Grant Program

CalRecycle received 51 applications, totaling \$118 million, for the Organics Grant Program, where \$15 million is available.

## Meet Phoenix Energy – CCC’s Newest Member

The California Compost Coalition (CCC) is a registered Lobbying Coalition with the Fair Political Practices Commission (FPPC), created in 2002 by a group of compost operators in response to demands for increased recycling of organic materials and production of clean compost and bioenergy.

The California Compost Coalition represents member organic material recyclers and compost operators with a unified statewide voice on many issues: product safety and standards, government regulations, environmental planning, and marketing.

### Members

Agromin  
Caglia Environmental  
California Wood Recycling  
Cold Canyon Compost  
Mt. Diablo Recycling  
Napa Recycling Compost  
Northern Recycling Compost  
Organic Waste Solutions  
Phoenix Energy  
Quackenbush Mt. Compost  
Rainbow Environmental Services  
Sonoma Compost  
Tracy Delta Compost  
Upper Valley Recycling  
Zanker Road Resource Management  
Z-Best Compost Facility

### Executive Committee

Bill Camarillo  
*Agromin*  
Greg Kelley  
*Northern Recycling Compost*  
Will Bakx  
*Sonoma Compost*  
Christy Pestoni Abreu  
*Upper Valley Recycling*  
Michael Gross  
*Z-Best Compost*

### Staff

Neil Edgar, Executive Director  
Evan Edgar, Regulatory Affairs  
Monica White, Sustainability Advisor  
Rita Athanacio, Communications

### Legislative Affairs

Justin Malan, EcoConsult  
Neil Edgar, Edgar & Associates Inc.

[www.californiacompostcoalition.org](http://www.californiacompostcoalition.org)

Greg Stangl got his start in Europe with a company he and two partners created called Energy Investors. This business made natural gas and biomass based boiler solutions for large industrial customers like hospitals, military bases and schools. When fears of a Russian gas embargo drove Central European customers to consider biomass energy generation, Energy Investors began working on gasification. That work led to the creation of Phoenix Energy when Greg returned to the US. Greg has an MBA and a degree in International Economics from Columbia University.

Phoenix Energy is a private label power company that builds, owns, and operates on-site biomass conversion plants in partnership with businesses in the urban waste, agriculture, and forestry industries. Phoenix Energy helps its partners become their own energy providers for on-site use to run compost facility and MRF equipment, and selling the excess energy at renewable energy incentive rates.

Phoenix Energy is first and foremost a distributed generation power company that combines proven technologies to provide its partners, customers, and themselves with profitable on-site power. Greg Stangl is the owner of Phoenix Energy and has already built two operating plants in the Central Valley, has four more plants CEQA ready, and another three plants will be CEQA ready soon. Many of these proposed plants are co-located at CCC member facilities.

Phoenix Energy uses largely off-the-shelf equipment such as GE and CAT engines, Allen Bradley, Siemens, etc. This ensures that the equipment is



reliable, replaceable, and easily fixed. Phoenix and its joint venture partners create long-term power purchase agreements with local utilities and the on-site operating business. This creates sustainable and profitable businesses that are good for the environment and good for business.

Phoenix Energy’s model PHX-1000 converts

wood into a synthesis natural gas (“syngas” or “producer gas”) through the process of gasification. This syngas is then used to fuel a specially-modified, natural gas genset to produce electricity and heat. In a process very similar to manufacturing charcoal, the gasification process partially combusts wood in an oxygen starved environment. By depriving the fire of sufficient oxygen, the wood does not burn, but rather gives off a flammable gas. As the wood gives off the syngas, it is transformed into biochar. The syngas is then captured, cleaned, and cooled before being sent as fuel to the genset which converts the syngas into electricity.

Biomass conversion facilities that use defined wood waste feedstocks and gasification technologies are eligible for CEC grants, RMDZ loans, and renewable energy credits. Phoenix built their first plant with a RMDZ loan from CalRecycle in Merced, and has negotiated heavily with PG&E on interconnection agreements and incentive pricing. Greg is active at the Public Utilities Commission on the implementation of AB 1122 (Rubio) that provides financial incentives for bioenergy projects under 3 MW.

Phoenix Energy is excited to join CCC and continuing to work with CCC member companies to develop the bioenergy industry, craft good legislation, and to promote the use of biochar.