

The State of the Compost

The State of the Compost is fatigued - having the air knocked out of it - and is trying to get healthy again on the Governor's soil initiative. At a time when there are expected to be 100 new or expanded compost facilities by 2020, to meet the goals of AB 32 and AB 1826, and another 100 new or expanded facilities by 2025 to meet the goals of SB 1383, facilities may instead choose to close their gates feeling drained by regulatory fatigue. The air permits pin down point sources, but fail to recognize baseline conditions and better management practices. AB 1045 (Irwin, 2015) was supposed to provide a coordinated pathway for permitting, but is just mulching over the same barriers without offering any real solutions yet.

The combined forces of these permitting pressures have driven composters to a crux where the new tons are not showing up at new prices to afford the luxury of compliance in this new era. The industry has not been able to raise pricing and has lost out on incentives over the last few years which could have assisted in paying for the required improvements. AB 1826 kicked in a new threshold on January 1, 2017 that required mandatory collection for generators of 4 cubic yards of organics per week, covering most sit-down chain restaurants. It was **not** a New Year's surprise when the new tons did not show up, but at least CalRecycle issued a letter to all elected officials and recycling coordinators that they could start enforcement of AB 341 and AB 1826 at any time, and not wait for the biennial review process. CalRecycle also started the new year off with a Notice of Funds Available for \$24

million dollars of grant funding for composting and anaerobic digestion where it will probably be over-subscribed by over \$100 million.

There ought to be a law to require compost use... and there are four laws on the books (some since 1991.) AB 1045 is also supposed to assess progress being made and promote compost use. We have calculated that there are one million acres of agricultural land using compost at an average rate

of 7 tons per acre using about 7 million tons of compost per year. According to CDFA, there are roughly 9 million acres of irrigated farmland. We have provided comments that agriculture can absorb another 7 million tons of compost over another one million acres by 2030 to total 22% of California's irrigated lands using compost to implement the Healthy Soils Initiative.

The stark reality is that the policy push to divert organic waste from landfills has not yet translated into real, significant tonnages or increased compost usage despite how many laws are passed...

Compost is still the belle of the AB 32 ball, being all organic and sexy, like recycling. Compost is being fluffed up and spread around to save the world from greenhouse gases and just the mention of compost gets you on a green soap box. But the stark reality is that the policy push to divert organic waste from landfills has not yet translated into real, significant tonnages or increased compost usage despite how many laws are passed. CDFA undervalues compost use on irrigated croplands in their plans. Caltrans really does not want to use compost or even report on the use. Regulations feel like waterboarding. Air districts have no mercy. The State of the Compost is fatigued, yet somehow still hopeful that all of these studies and reports and initiatives will make our industry healthy again.

Proposed Budget 2017-2018

Show Me The Money! Show Me The Money & I Will Show You The Tons!

Without adequate financial incentives in place we will never be able to divert the organic tons needed to comply with AB 1826 and SB 1383. CalRecycle has estimated that the state must support at least \$100 million per year for five years to develop the compost and anaerobic digestion industry. With estimates of \$2 to \$3 billion needed over the next 5 years for AB 1826 implementation in order to develop the infrastructure, and another \$2 to \$3 billion by 2025 for SB 1383 implementation, the state should project out at least 10 years, and raise the minimum amount of at least \$300 million per year for 10 years. It just so happens, a \$10 per ton surcharge on landfill could raise \$300 million in revenue each year that could be allocated for infrastructure development. AB 1063 (Williams) failed last year to raise the landfill tip fee from \$1.40 per ton to \$4.00 per ton with a complicated generator fee that was bundled with the tip fee at the time. A UC Berkeley study was presented to the Governor's office last year suggesting a \$10 per ton fee.

California has appropriated approximately \$3.4 billion in Cap-and-Trade auction proceeds for programs that reduce or sequester greenhouse gases where compost and anaerobic digestion has received \$15 million in

grant funding in 2014-2015, and \$24 million in 2016-2017. We look for more in 2017-2018 if the legislature can pass the extension of the Cap-and-Trade programs past 2030, where the governor will use these revenues for leverage again to attempt to garner a 2/3 vote. The Cap-and-Trade budget includes \$72 million to CalRecycle - up from \$40 million, \$8 million for Healthy Soils, and \$688 million for Low Carbon Transportation which will include low NOx engines and biofuel development. AB 8 funding using DMV fees of \$100 million per year will continue to fund the CEC alternative fuels program where \$15 to \$20 million per year has been designated for producing RNG.

Over the past year, Cap-and-Trade auctions have experienced significant volatility. After several consecutive auctions that generated over \$500 million in proceeds, the May and August auctions in 2016 generated only \$10 million and \$8 million, respectively. However, the most recent auction in November 2016 generated \$364 million with the passage of SB 32. One of the factors that may have contributed to this revenue volatility is the perceived legal uncertainty about Cap-and-Trade beyond 2020. Consequently, the Administration proposes that legislation confirm the Air Board's authority, through a 2/3 urgency vote, to administer Cap-and-Trade auctions beyond 2020.

AB 1063 (WILLIAMS)

This bill would have increased the solid waste tipping fee from \$1.40 per ton to \$4 per ton beginning 1/1/2017 until 1/1/2022 CalRecycle required to use a minimum \$1.50 per ton to promote infrastructure development, which could develop up to \$30 million in grants and loans to develop composting facilities and other market incentive programs that promote the highest and best use of recovered materials. The bill would have established a generator charge to augment the existing disposal fee which funds CalRecycle admin costs.

Last year, the Legislative Council called the tip fee a 'tax' and not a 'fee', and would have required a 2/3 vote of the Legislature. The generator fee also had sticky local government implications on how to collect it and the state had no clear plan either. So it appeared that it was too much trouble for the revenue that would have been collected and the concept languished. In order to remain a 'fee' and not a 'tax' and in order to pass on a majority vote, there needs to be a clear nexus on how the revenue is spent on programs directly related to landfills and landfill diversion. The tip fee cannot be used on the General Fund, but needs to be allocated directly back into CalRecycle programs and should fund compost and anaerobic digestion development.

STATUS: DIED
Revive in 2017

UC Berkeley Study

Wasting Opportunities – How to Secure Environmental and Clean Energy Benefits from Municipal Solid Waste Energy Recovery was published in May 2016 and presented to the Governor's Office. It was noted that cheap landfilling encourages waste management stakeholders not to explore other options such as recycling, composting, and waste-to-energy. The Study proposed that state leaders should increase the state disposal fee to possibly \$10 per ton to more accurately reflect the environmental costs of landfilling.



CCC Lobby Day - February 22, 2017

CCC will hold our second Lobby Day on Wednesday, February 22, 2017, at the **Downtown and Vine Restaurant** in Sacramento. CCC members will be briefed on the status of current legislation and potential bill concepts, including recent developments in efforts to preserve and/or reinvigorate the waning old-line biomass energy industry in California. Between rounds of mid-morning meetings with key legislators at the Capitol, several topics of concern by policy experts will be presented during lunch. CCC will be continuing to build relationships that will position our organization to effect necessary changes that will allow industry expansion on the heels of highly successful, table-setting policies last year.

AB 32 SCOPING PLAN UPDATE - WORKING LANDS THE 7 MILLION TON PLAN

Even before SB 32 (Pavely, 2016) was signed last year setting 2030 targets, CARB had been busy preparing the AB 32 Scoping Plan Update, in defiance of Big Oil, following a round of defeat in late 2015. CARB will hear a report on the Draft 2030 Target Scoping Plan at their January 27, 2017 meeting. The Draft recommends a suite of measures to reduce greenhouse gas emissions 40% below 1990 levels by 2030 and put the State on a trajectory to meet the 2050 goal. The California Compost Coalition will be there and our comments have been filed as we are *Net Zero Now*, years before the 2030 goal.

There was a Public Workshop on December 14, 2016 on the Carbon Sequestration Modeling Methods and Initial Results for the Natural & Working Lands Sector in the 2030 Target Scoping Plan. CCC submitted comments about the need to add compost to irrigated crop lands, as this line item was left behind. CCC estimated that the agricultural market could grow from the current 1 million acres in compost use today by another 1 million acres by 2030, sequestering 7 million tons of new compost - enough to handle the diverted tons from SB 1383. CCC detailed comments have been filed here where the following is recommended:

- **Include Irrigated Cropland (compost use) in the model with a low and high management scenario of 40,000 acres per year and 80,000 acres per year;**
- **Grasslands – compost amendment (state/private) - Require CalTrans and Department of General Services and other state agencies to use compost following current state law and increase by over 10,000 acres per year;**
- **Have CalRecycle prepare the Fourth Assessment of California Compost and Mulch-Producing Infrastructure for 2017;**
- **Link compost use on irrigated croplands to the implementation of the Five Pillars programs by diverting organics from landfills to mitigate methane and producing compost to support the Healthy Soil Initiative and,**
- **Starting 2018, have compost use (bulk and organic) be included in the County Crop Reports and have CDFA and CalRecycle report compost use.**

SHOW ME PERMIT STREAMLINING

AB 1045 (Irwin, 2015) was passed to assess the state's progress in developing the required compost infrastructure, assisting in developing the compost industry through permit streamlining, and promoting compost use. Cal-EPA was put in charge with CDFA to meet quarterly, develop recommendations and post them on their website no later than January 1, 2017, and update annually thereafter to 2021. A hastily thrown together meeting occurred on December 22, 2016, that was light on the herculean effort needed to make compost happen. CCC comments were provided where we are calling for a 2017 compost industry assessment, the first one since 2008, and to implement current law requiring compost use by CALTRANS, General Services and an array of state agencies. Plus, when applying for air permits, baseline conditions need to be recognized where the net benefit of both greenhouse gas reductions and criteria pollutants can be demonstrated when diverting food waste from landfills to composting and/or anaerobic digestion facilities.

2030 TARGET SB 32 SCOPING PLAN

The California Air Resources Board kicked off development of the 2030 Target Scoping Plan in October 2015 in coordination with other State agencies and has since been soliciting feedback and comments from a team of economic advisors, local air districts, community members, affected stakeholders, and the AB 32 Environmental Justice Advisory Committee at public meetings throughout the State. This 2030 Target Scoping Plan Discussion Draft, released on December 2, 2016, provides CARB staff's current thoughts on how to achieve the State's SB 32 climate goal of reducing greenhouse gases by at least 40 percent below 1990 levels by 2030. Comments were due by December 16, 2016, which will inform the development of a comprehensive Proposed 2030 Target Scoping Plan that CARB expects to release soon for public review and discussion at the CARB meeting on January 27. The Proposed Scoping Plan will include the full environmental analysis, economic analysis, AB 197 analyses, and supporting technical appendices.

https://www.arb.ca.gov/cc/scoping-plan/2030target_sp_dd120216.pdf

SHORT-LIVED CLIMATE POLLUTANT SB 1383 PLAN

SB 605 (Lara, 2014) directed CARB to develop a comprehensive short-lived climate pollutant strategy, in coordination with other state agencies and local air quality management and air pollution control districts. The effort is to engage scientific experts, identify additional measures to reduce short-lived climate pollutants such as methane, which will require that 75% of all landfilled organics are reduced by 2025 and was placed into law with SB 1383 (Lara, 2016). CARB staff released the updated SLCP Strategy on November 28, 2016, with workshops in mid-December announced, and comments were due on January 17, 2017.

<https://www.arb.ca.gov/cc/shortlived/meetings/11282016/revisedproposedslcp.pdf>

Organics Processing Capacity

The California Compost Coalition

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 & production of clean compost, bioenergy, renewable natural gas, and biochar.

CCC Members

- Agromin
- Atlas Disposal
- Burrtec Waste Industries
- Caglia Environmental
- California Wood Recycling
- CleanFleets.net
- Clover Flat Compost
- Cold Canyon Compost
- GreenWaste Recovery
- Harvest Tulare
- Harvest Lathrop
- Marin Sanitary Service
- Mt. Diablo Recycling
- Napa Recycling Compost
- Northern Recycling Compost
- Organic Waste Solutions
- Phoenix Energy
- Quackenbush Mt. Compost
- Recology Blossom Valley Organics
- Recology Feather River Organics
- Recology Jepson Prairie Organics
- ReFuel Energy Partners
- Soiland Co, Inc.
- Sonoma Compost
- Tracy Delta Compost
- Upper Valley Recycling
- Vision Recycling
- Zanker Road Resource Management
- Z-Best Compost Facility
- Zero Waste Energy Development
- Zero Waste Energy, LLC

CCC Executive Committee

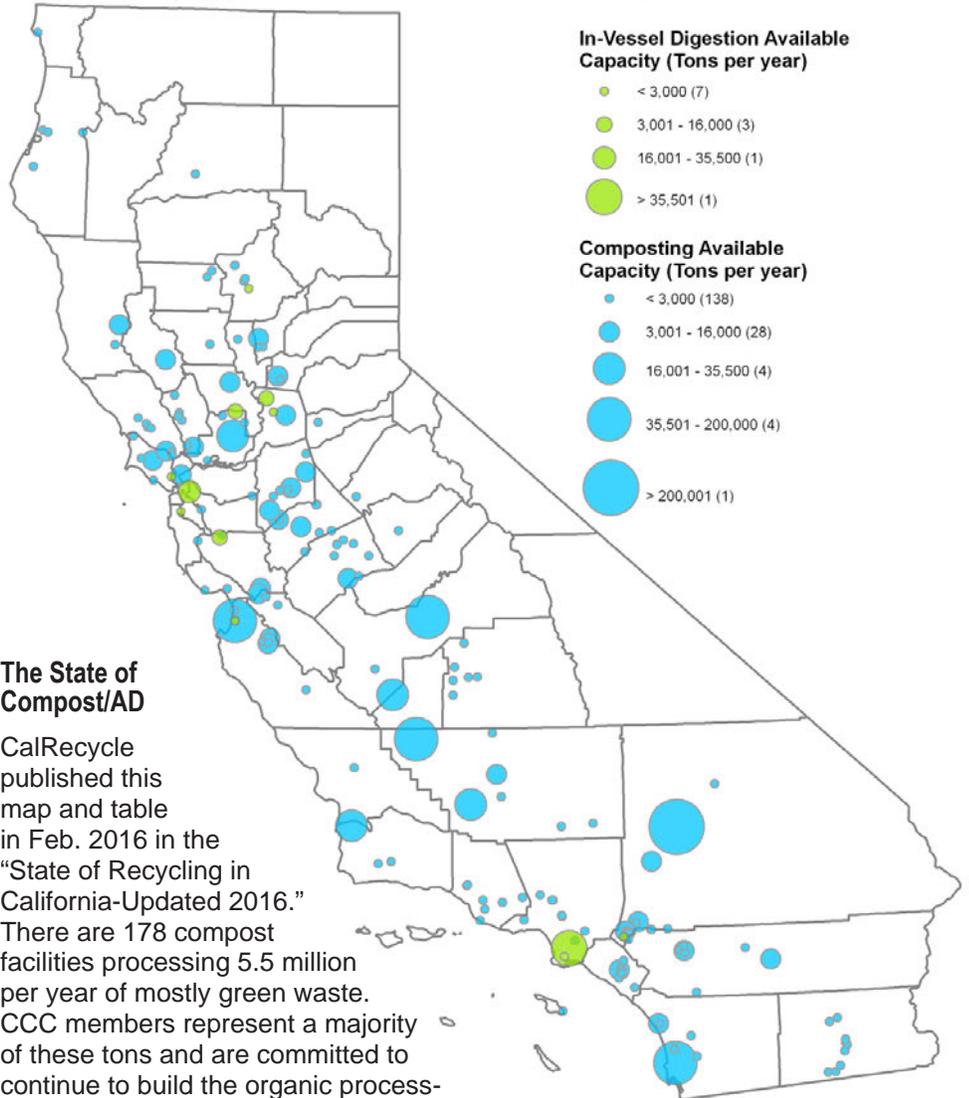
- Bill Camarillo, *Agromin*
- Greg Kelley, *Northern Recycling Compost*
- Eric Potashner, *Recology*
- Greg Pryor, *Recology*
- Will Bakx, *Sonoma Compost*
- Christy Pestoni Abreu, *UVR Compost*
- Michael Gross, *Z-Best Compost*

CCC Team

- Neil Edgar, Executive Director
- Evan Edgar, Regulatory Affairs
- Steve Peterson, Financial Advisor
- Rick Moore, Peer Review Engineer
- Monica White, Sustainability Advisor
- Sean Edgar, Fleet Advisor

CCC Legislative Affairs

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



The State of Compost/AD

CalRecycle published this map and table in Feb. 2016 in the "State of Recycling in California-Updated 2016."

There are 178 compost facilities processing 5.5 million per year of mostly green waste. CCC members represent a majority of these tons and are committed to continue to build the organic processing infrastructure to meet the goals of AB 1826 and the proposed organic waste ban by 2025. There needs to be another 100 compost and anaerobic digestion facilities by 2020 to process another 5 million tons of organic waste with a cost of a few billion dollars, and another 100 more facilities by 2025. However, there is no assessment of compost use. We are building the little green and blue dots as the big black boxes no longer make sense.

Active organics materials management facilities in California

Facility Type	Statewide	Total Capacity (Tons/Year)	Current Throughput (Tons/Year)	Available Capacity (Tons/Year)
Anaerobic Digestion	13	467,000	187,000	281,000
Biomass Conversion	32	5,300,000	5,300,000	56,000
Composting	169	8,000,000	6,200,000	1,800,000
Composting - Research Operation	14	93,000	92,000	1,000
Chipping and Grinding	156	11,200,000	7,300,000	4,000,000
Other Organics Management	23	790,000	740,000	50,000

Data accessed from FacIT on January 28, 2015. Facility counts reflect publicly listed facilities that are actively operating. Current throughput and available capacity may not add up to total capacity due to rounding. Source: Table 4, page 22, CalRecycle's State of Recycling report dated March 2015.