

AB 32 to SB 32

FIVE PILLARS

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Sustainable Organics Recycling



Carbonopoly is More than a Board Game

Governor Brown signed into law, AB 398 (Garcia) extending the Cap-and-Trade program to 2030 on Tuesday, July 25 and on Thursday, the CARB passed clarifying Cap-and-Trade regulations and linked up to the Ontario, Canada program. The Governor continues to play shrewd Carbonopoly after pulling off SB 32 (Pavley) last year to reduce greenhouse gases by 40% by 2030 and SB 1383 (Lara) to reduce methane emissions by 40% by 2030, and implement his Five Pillars program.

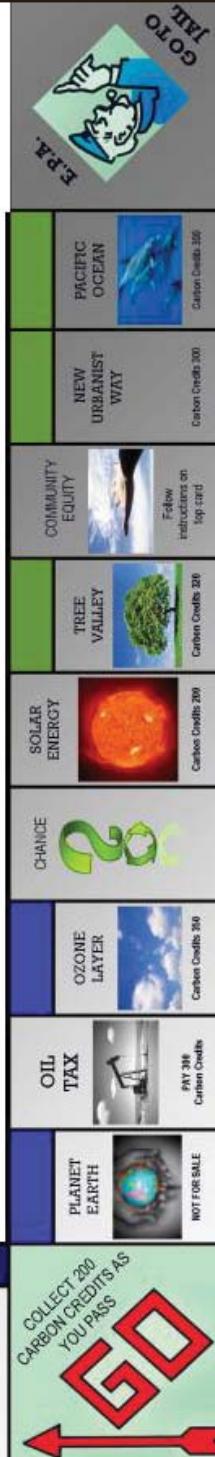
Amid frantic negotiations over AB 398, Governor Brown even made a rare appearance before a Senate committee, imploring the legislators to approve the proposal. "This is the most important vote of your life," the governor told them. "I'm not here about some cockamamie legacy that people talk about," the 79-year-old governor said in an impassioned speech to a room packed with activists, lobbyists and lawmakers. "This isn't for me. I'm going to be dead. It's for you and it's damn real."

AB 617 (Garcia) is damn real too, as it was part of the deal to improve air quality in disadvantaged communities where some environmental activists feel that the Cap-and-Trade program is just a 'pay to pollute program'. AB 617 will empower the Air Board to go into disadvantaged communities located in non-attainment air districts to monitor and regulate new sources. CCC plans to make composting an essential public service next year with AB 1036 (McCarty) whereby baseline conditions of placing organics in a landfills are

recognized when permitting composting as a new source. Now is the time for Cal-EPA to implement AB 1045 (Irwin, 2015) with permit coordination as the AB 617 regulations are promulgated.

CalRecycle just deployed \$24 million in grants for ten compost and anaerobic digestion facilities from the Cap-and-Trade proceeds and have another \$33 million for 15 eligible projects in waiting. With the governor and the Legislature dealing on how to spend the Cap-and-Trade revenue in 2017-18 by a September 15, 2017 deadline, there is a huge effort to allocate \$100 million to CalRecycle to fund the \$33 million of projects next summer and start another grant solicitation for the balance. These compost and AD projects have shown to be the most cost-effective program while CalRecycle is the only department that has scored 100% in having their Cap-and-Trade projects benefit disadvantaged communities.

There needs to be 100 new or expanded facilities by 2020 and another 100 by 2025 to reach the mandates of SB 1383 of diverting 75% of all organics out of the landfill to mitigate methane amounting to billions dollars of required investment. With the extension of Cap-and-Trade to 2030, there is hope to allocated \$100 million per year to CalRecycle as well as over \$100 million per year to the Air Board to fund low carbon transportation. AB 398 calls for these specific investments and provide carbon certainty to 2030. We get to PASS AB 398, and COLLECT \$200 million.



CAP-and-Trade Legislation

\$24 Million Now, \$100 Million Later

CalRecycle is commended for deploying \$24 million in grants from Cap-and-Trade revenues for compost and anaerobic digestion projects this week. CalRecycle is showing that these projects are shovel ready as the 2017 Annual Report for California Climate Investments have named CalRecycle as the only department scoring 100% in benefiting disadvantaged communities (DAC). The Legislative Analyst Office has determined these projects to be the most cost-effective strategy to spend Cap-and-Trade dollars. As advocated by CCC two years ago, CalRecycle carved out \$3 million to fund three rural compost projects that are typically not in disadvantaged communities, but can still serve DACs with a food rescue program. Four non-rural compost projects spread throughout the state received \$9 million.

There were three anaerobic digestion projects that received \$4 million each, where each of these same AD facilities had just been awarded a large multi-million dollar grants from the California Energy Commission as the state has double-downed on three facilities. Since there needs to be 100 new or expanded facilities by 2020 and another 100 by 2025, CCC had advocated that state grant money should be spread around as seed money and avoid 'grant stacking' at the same facility.

AB 398 will extend the Cap-and-Trade program to 2030, and has included the following priorities for spending; 1) Reduction of short-lived climate pollutants (SLCPs); 2) Production of low and zero carbon fuels; 3) Reduction of air pollution and air toxics; 4) Healthy forests and sustainable agriculture; and 5) Clean energy and climate R&D.

Governor Brown and the top lawmakers aim to pass a \$2.3 billion spending bill for fiscal year 2017-2018 by September 15, 2017. Discretionary spending makes up 40% of the Cap-and-Trade proceeds each year. The Bioenergy Association of California is leading the charge with CCC and CRRC to advocate the allocation of \$100 million to CalRecycle for organic

waste diversion programs, as well as 20 percent of the Low Carbon Transportation fund to biofuels production that helps to reduce SLCPs from organic waste and diesel-powered vehicles; and 10 percent of the Low Carbon Transportation Fund to ultra-low emission trucks that run on biogas.

CalRecycle recognizes the oversubscription of their last solicitation where there were 46 applicants asking for \$97 million, with only \$24 million available for shovel-ready projects. CalRecycle plans to award the A List projects \$24 million now using FY 2016-2017 dollars; while understanding the promise of AB 398 and a possible \$100 million, and thus wisely created the B List of \$33 million projects ready to be funded from the 2017-2018 budget next summer.

The companion bill, AB 617, affects the regulation of air quality and requires a Constitutional amendment that will require a 2/3 vote to spend Cap-and-Trade revenues beginning in 2024. Until then, revenues can be spent with a majority budget approval vote. AB 617 will require new statewide uniform air quality monitoring and reporting systems that could further stifle the compost industry if baseline emissions are not recognized in the new regulations. Officials from the state's largest air district testified in opposition to AB 617 at the committee hearings in July, charging that the bill would force them to undertake many new tasks without additional funding or resources and likely will hurt their own programs to reduce pollution.

CARB sees AB 617 as a tremendous new grant of authority and responsibility with the districts that is quite revolutionary for disadvantaged communities. Though it may provide a whole new lease on life, bringing in communities to decide how they want emissions to be controlled with firm deadlines, CARB and the districts need to realize that baseline emissions from organics at landfills are being displaced by lesser, new sources at compost facilities, that are a significant net reduction with tremendous co-benefits in the community.

Bill Watch

AB 398 (Eduardo Garcia)

TOPIC: This bill would, until January 1, 2031, extend the Cap-and-Trade regulation that establishes a system of market-based declining annual aggregate emissions limits for sources or categories of sources that emit greenhouse gases, to December 31, 2030 and require CARB to include specified price ceilings, price containment points, offset credit compliance limits, and industry assistance factors for allowance allocation, and other critical components.

STATUS: Approved by the Governor on July 25, 2017

AB 617 (Cristina Garcia)

TOPIC: This bill would require the state board, by October 1, 2018, to prepare a plan regarding technologies for monitoring criteria air pollutants and toxic air contaminants and the need for and benefits of additional community air monitoring systems; and would require the state board to select, based on the monitoring plan, the highest priority locations in the state for the deployment of community air monitoring systems. The bill would require an air district containing a selected location, by July 1, 2019, to deploy a system in the selected location. The bill would authorize the air district to require a stationary source that emits air pollutants in, or that materially affect, the selected location to deploy a fence-line monitoring system, as defined, or other specified real-time, on-site monitoring. The bill would authorize the state board, by January 1, 2020, and annually thereafter, to select additional locations for the deployment of the systems. The bill would require air districts that have deployed a system to provide to the state board air quality data produced by the system.

STATUS: Approved by the Governor on July 26, 2017

AB 1572 (Aguilar-Curry)

TOPIC: This bill would postpone the repeal of the conditional review schedule, and postpone the corresponding operation of the department's 2-year review schedule, to January 1, 2022. This bill would authorize CalRecycle, in consultation with stakeholders, to make recommendations to the Legislature, by January 1, 2022, on necessary revisions to the review process described above to ensure consistency with the regulations adopted to achieve those organic waste disposal reduction goals. This was done to have a CalRecycle review process until SB 1383 regulations take effect in 2022

STATUS: Approved by Governor on July 31, 2017

AB 617 Regs

California is divided into 35 Air Pollution Control Districts (APCD) and Air Quality Management Districts (AQMD). These agencies are county or regional governing authorities that have the primary responsibility for controlling air pollution from stationary sources.

Just a handful are designated at 'attainment' with federal air quality standards. AB 617 (Garcia) will now empower CARB for the first time to provide uniform reporting and monitoring for nonattainment air districts and regulate stationary sources, which can mean any of the following; (A) A facility that is required to report to the state board the facility's greenhouse gas emissions pursuant to Section 38530; (B) A facility that is authorized by a permit issued by a district to emit 250 or more tons per year of any nonattainment pollutant or its precursors; or (C) A facility that receives an elevated prioritization score based on cancer or noncancer health impacts.

If you use CARB's emission factor of 3.58 lbs./ton for VOCs, a windrow facility receiving around 130,000 tons per year (with up to 15% food) would emit 250 tons of VOCs annually, or about 415 TPD. Using the SJVAPCD emission factor of 5.72 lbs./ton for VOCs (which some air districts are using as a default), a windrow facility processing 87,500 tons annually, would emit just under 250 tons of VOCs annually, or 280 TPD.

CARB will be stepping up where they think that the air districts have left off, but both the BAAQMD and SJVAPCD have been especially vigilant on permitting composting facilities. As AB 617 regulations roll out CCC plans to alert CARB of the baseline conditions of keeping those organics in a landfill and that the industry should not be penalized as a new source. Now is the time for Cal-EPA to step their efforts on AB 1045 (Irwin, 2015) by implementing permit coordination on any air quality regulations that come out of AB 617.

CAP-AND-TRADE REGULATIONS

CARB held a Public Hearing on July 27 and adopted amendments to the Cap-and-Trade Regulations. The Board approved near-term amendments to the Cap-and-Trade regulation, and is planning to add new regulations to implement AB 398 to 2030. The adopted amendments would enhance current Program implementation and oversight; link the Program with the Ontario, Canada program, and provide the platform to extend beyond 2020. Consistent with legislative direction, following this Board hearing, CARB will initiate a new rulemaking process to implement the AB 398 requirements for the post-2020 Cap-and-Trade Program. The Board also certified the Final Environmental Analysis and approved the written responses to comments received on the Draft Environmental Analysis. The Final Environmental Analysis and the written responses to comments were prepared for both the proposed amendments to the Cap-and-Trade Regulation and the Proposed Compliance Plan. There were two Board hearings on this item. This action completes a multi-year regulatory process.

2017 SCOPING PLAN UPDATE

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. The proposed 2017 Climate Change Scoping Plan Update was released on January 20, 2017, Inauguration Day, sending a message to the President that California will double down on setting the greenhouse gas reduction target to 2030. CCC provided extensive testimony with CEQA comments, which were due on April 10, 2017. CARB planned to consider adoption and certification of the CEQA document in April 2017 and then June 2017, but was held up with the Cap-and-Trade reauthorization deal to 2030. CARB plans to continue the EJAC hearings and consider adopting the Scoping Plan at their December 2017 Board meeting. CCC will double down on our previously submitted comments. The Proposed Plan is available here:

https://www.arb.ca.gov/cc/scopingplan/2030sp_pp_final.pdf

SB 1383 – CALRECYCLE REGULATIONS

CalRecycle held its fourth set of workshops on August 16, 2017, at the Cal/EPA Building, 1001 I Street, Sacramento to discuss the SB 1383 implementation process, and will hold a workshop on August 31, 2017 in Riverside. Topics included regulatory concepts related to reporting and enforcement with a series of potential compliance structures based upon a shared responsibility with local government and the generators. Progressive compliance will go beyond just a good faith effort. Information about the workshops can also be found at the Short-Lived Climate Pollutants webpage linked below. Regulations will be adopted in late 2018 or early 2019, to send a signal to the market that they will become effective in 2022.

<http://www.calrecycle.ca.gov/Climate/SLCP/>

BAAQMD COMPOST RULEMAKING

BAAQMD has concerns that more organic waste will be diverted from landfills to composting and/or anaerobic digestion and has included plans in their 2017 Clean Air Plan to develop a rule that includes emission limits based on best management practices in other areas of the state. This control measure would reduce emissions of greenhouse gases (GHGs) and volatile organic compounds (VOCs) from anaerobic digesters and composting operations by requiring best management practices derived from measures adopted by the South Coast Air Quality Management District and the San Joaquin Valley Air Pollution Control District. Additionally, the district expects reductions in secondary PM emissions caused by ammonia. To be completed by 2018.

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
 Burtec 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

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 Rick Moore, Peer Review Engineer
 Monica White, Sustainability Advisor
 Sean Edgar, Fleet Advisor

CCC Legislative Affairs

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

CCC Members News

Three CCC Members Receive Cap-and-Trade Grants



Applicant: South Lake Refuse Company, LLC

Project Type: Rural Compost with Food Rescue with Grant Funds of \$1,218,026. Estimated GHGs (MTC02e) Total Project: 11,252, and estimated Diversion (Tons) Total Project: 49,223

South Lake Refuse Company (SLRC) proposes to install water-quality-protection infrastructure at the Quackenbush Mt. Compost facility that will allow them to compost food materials for the first time. In addition to a low-permeability four-acre pad and concrete-lined ditches, SLRC will purchase an electric grinder to handle green materials that were formerly disposed and used as alternative daily cover. The installation of the electric grinder will reduce nitrous oxide emissions compared to a diesel engine. The project includes a food rescue component led by the Sacramento Food Bank and Family Services that will benefit disadvantaged communities by diverting food waste by efficiently repackaging government surplus food to appropriate sizes for distribution and use. The food rescue component will be located in a disadvantaged community in Sacramento County and will increase food access to community residents.

waste from commercial sources and food residuals from industrial food processors, will be blended with green materials and composted at their existing compost site adjacent to the materials recovery facility.

The project includes a food rescue component led by the Emergency Food Bank of Stockton, which will benefit disadvantaged communities by expanding rescue efforts and diverting food waste from California landfills. The food rescue component will be located in and will increase food access to residents of disadvantaged communities in San Joaquin County.



Applicant: Recology Yuba-Sutter

Project Type: Compost with Food Rescue with Grant Funds of \$2,783,135. Estimated GHGs (MTC02e) Total Project: 20,511 and an estimated Diversion (Tons) Total Project: 78,167

Recology Yuba-Sutter proposes to construct a new composting facility at their Ostrom Road Landfill. The grant money will pay for phase one of a three-phase project by constructing infrastructure for water quality protection that will allow the facility to begin operations. At full build out, which includes a covered aerated static pile system, this will be a regional composting facility with the capacity to handle compostable waste materials from surrounding cities.

The project will benefit disadvantaged communities via a food rescue and prevention component by supporting local nonprofits in Yuba County which will divert food waste from California landfills. The project will prioritize hiring for both permanent and temporary jobs for residents of disadvantaged communities.



Applicant: Napa Recycling & Waste Services, LLC

Project Type: Rural Compost with Food Rescue with Grant Funds of \$541,700. Estimated GHGs (MTC02e) Total Project: 8,656 and estimated Diversion (Tons) Total Project: 22,615

Napa Recycling & Waste Services proposes to purchase and install food waste de-packaging equipment in its existing material recovery facility. The recovered materials, including food