

CALIFORNIA COMPOST COALITION



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Sustainable Organics Recycling

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The Time is Now for California

California has been shaken by international recycling markets and burned by wood waste gluts and bioenergy policies against a backdrop of trade wars and forest fires entering what is being called the 'new abnormal'. The Federal EPA's 4th National Climate Assessment, released last month, confirmed that climate change is here, it's expensive, and it's deadly. Unfettered, global warming could cause more harm to the US economy by 2100 than even the Great Recession did. For so many Californians, we may have felt we were on the brink of the next disaster during 2018, losing faith in the markets and regulatory certainty.

Against many odds and with little coordination on federal policies, California, as a nation-state, has managed to increase its gross domestic product by 41% since 2001, while carbon intensity was reduced by 38%. Because of the AB 32 success story, the Global Warming Solutions Act of 2006, signed by Governor Schwarzenegger and aggressively implemented by Governor Brown with a series of policies and programs, the mandates and goals have been extended out to 2030 and 2050. As Governor Brown leaves office with a \$14.8 billion budget surplus, Governor-Elect Newsom plans to double down on climate change issues, banning diesel pollution by 2030 and leading the state to 100% renewable energy by 2045. California has established the legislative framework and supported innovative technology deployment to reach for these goals.

CalRecycle approved the SB 1383 draft regulations to enter the formal rulemaking process setting the tone for the next Administration that will not back down. Even with a falling statewide recycling rate and upcoming bans on many more exported materials, coupled with regulatory fatigue brought on by CARB and the air districts, the industry is bullish in further developing the composting and anaerobic digestion infrastructure. Markets for materials derived from organic wastes are not being held hostage by China, but are part of the local and regional circular economy as we feed edible food to hungry people, feed compost to healthy soils, electrify the green grid, and fill the CNG tank with RNG fuel to displace diesel.

Many stakeholders are wishing for more time even though many of the organic recycling laws have been in statute since 2014 or adopted within the AB 32 Scoping Plan. Time is running out with the new abnormal threatening our future, but California is turning back time on greenhouse gas emissions with programs that are carbon negative and net-zero, cost-effective, and financially positive. The Time is Now for California to pivot forward and show the world Global Warming Solutions that benefit the economy and public health.

2018 Top 10 Stories

10 SB 212 Take-Back

California Governor Jerry Brown signed into law SB 212 (Senator Jackson, Assembly members Ting and Gray), which establishes a comprehensive statewide take-back system for sharps and medications. This bill will keep contamination out of organic wastes. California is first in the nation to establish a comprehensive, producer-funded take-back program to provide safe and convenient disposal options for both home-generated pharmaceutical drugs and sharps waste. The California Product Stewardship Council has worked tirelessly for the last 8 years to get the pharmaceutical industry to place a statewide take-back program. CPSC sets the platform in 2019 on the future of manufacturer responsibility regarding packaging with the curtailing of greenwashing for materials such as bio-plastics and compostables.

9 Newsom Elected

Governor-elect Newsom is proud of his record as Mayor of San Francisco where he banned food waste from landfills and plans to build on climate change mitigation laws to keep on increasing the state's GDP while decreasing the carbon intensity. As Governor, Newsom will set California on the Fast Track to Zero Diesel Pollution by 2030. Meeting California's ambitious climate goals will require an overhaul of the transportation sector, which accounts for 39% of California's carbon emissions, representing the state's single largest source of air pollution. As Governor, Gavin will design a visionary goods movement strategy that modernizes our ports, improves efficiency, electrifies our transit system, bolsters economic productivity, and cleans our air. On his first day in office, Gavin will issue a directive putting California on a path to 100% renewable energy.

8 Healthy Soils Initiative

The Healthy Soils Initiative has established both short and long term actions for enhancing soil health and compost is front and center of many elements. 'Regenerative Agriculture' can reverse climate change by rebuilding soil organic matter and restoring degraded soil biodiversity – resulting in both carbon drawdown and improving the water cycle and saving up to 30% water use. According to new research, soil could act as a huge carbon sink to help balance out greenhouse gases by holding up to three times as much carbon as is found in the atmosphere. AB 2377 (Irwin) was passed this year to authorize up to \$5 million from the Greenhouse Gas Reduction Fund to establish technical assistance on Healthy Soils Program, where more help is needed to double down on compost use by 2025. The COMET-Planner was developed by the USDA to model the use of compost with 5 metric tons of carbon set to be reduced by 2030.

7 42% and Dropping

The amount of exported recyclable material dipped from 22 million tons in 2011 to 15 million tons in 2016. Landfill disposal went up 6 million tons. The statewide recycling rate fell from 50% in 2012 to 44% in 2016, and is expected to drop another 2 points in 2017 to just 42% - CalRecycle has been hesitant to post the figure, as it is probably worse than predicted here. With residual rates much higher at MRFs and landfilling way up, an additional 2 million tons per year each year is disposed, the statewide recycling rate may be under 40% in 2020, far from the goal of 75%. The AB 341 Report to the Legislature needs to be updated. Meanwhile, CalRecycle has been enforcing AB 341 in good faith along the way, propping up programs.

6 Edible Food Recovery

Surprisingly, up to 40 percent of the food in the United States is never eaten. But at the same time, one in eight Americans struggles to put enough food on the table. SB 1383 draft regulations were released in December, which will require that 20% of edible food be recovered by 2025, resulting in more than 49,500 tons to be rescued - or 270,000 pounds - resulting in over 225,000 meals per day saved from becoming waste. In addition, CalRecycle just released another \$5.75 million towards the Food Waste Prevention and Rescue Grant Program allocated from the Greenhouse Gas Reduction Fund. CalRecycle has awarded over \$11 million in food waste rescue grants which have been shown to be one of the most cost-effective GHG reduction programs.

5 LCFS/RIN\$ for RNG

CARB adopted LCFS Amendments this year that weakened the program by lowering the carbon intensity target from 10% to just 7.5% by 2020, thereby reducing RNG demand and the value of the LCFS credits. As a trade off, CARB decided to accelerate the 2030 target to 20% reduction in carbon intensity. CARB also took away the carbon negative fuel intensity in the Look-Up Tables for AD biomethane and projects will now have to perform the time consuming and expensive Tier 2 pathway. The Temporary Fuel Pathway is conservative, and will be 'zero', which is still carbon neutral and far better than ZEVs and hydrogen, but not default carbon negative after January 1, 2019. The combined LCFS2 and RIN value continues to yield around \$5 per diesel gallon equivalent making AD facilities hum. Renewable diesel has more than 60% less carbon than petroleum diesel and needs to be an option in the Newsom plan to ban diesel.

4 Air Permits

Finally – [Addressing Air Quality Permitting and Regulatory Issues for Expanding Infrastructure](#) – was released as collaborative effort by the California Air Pollution Control Officers Association (CAPCOA), the 35 Air Districts, CARB and CalRecycle to define the current state of composting in California, discuss the associated air quality and regulatory issues for siting new and expanded large-scale composting facilities, and find ways to overcome the challenges of building the necessary composting infrastructure. One option to help facilitate the permitting of compost facilities is to redesignate these facilities as an essential public service; in some cases this designation could result in the facility’s owner/operator not being required to offset the facility’s emissions. Unfortunately, the AB 1045 Report was released two years late and fails to even mention composting as an essential public service.

3 Woodageddon: the New Abnormal

With 130 million dead trees and devastating forest fires, Governor Brown proclaims this to be the new abnormal. Woodageddon continues to hit California hard. AB 2208 (Aguilar-Curry and Garcia) would have helped meet California’s climate goals and keep biomass plants relevant by encouraging the use and development of baseload renewable energy as part of a diverse portfolio of renewable energy resource, but failed. SB 901 (Dodd) magically appeared to accommodate PG&E and their wild fire risk allocation prior to the Camp Fire, and will add another 5 years to biomass energy conversion contracts, where the facility needed to be operative in 2018 with contracts up to 2023, and can gain another 5 years to 2028 with some feedstock flexibility.

2 China Sword

China’s Operation Green Fence in 2011 morphed into The National Sword in 2017 and now Blue Sky 2018 reducing the contamination limits to just 0.5% from March 1, 2018 to December 31, 2018. China released a proposal in July to expand its scrap import ban beyond plastics and paper and the other materials that are currently restricted. A new plan could ban every form of “solid waste” from import as soon as 2020. Adding insult to injury, the Chinese government announced in early August it plans to levy a 25 percent tariff on old corrugated cardboard and other recovered fiber, as well as scrap plastic, in retaliation to the latest U.S. tariff proposals. The tariffs went into effect on August 23. Since the implementation of Chinese scrap import restrictions a number of Chinese companies have set up shop or established partnerships in the U.S. to process material and bypass restrictions, mostly back east and not on the west coast. Build Infrastructure Now (BIN) is back holding workshops to build capacity in California with the CalRecycle Greenhouse Gas Reduction funds.

CalRecycle’s Waste Evaluation and Enforcement Branch’s Enforcement Update on Mandatory Commercial Recycling was revised to address the issues in the vetoed AB 3178 (Rubio). CalRecycle staff will continue to take market conditions into good faith considerations. We are held hostage by China and are terrified over the dip in the recycling rates and huge drop in revenues without the commensurate increasing of collection rates. The coming of SB 1383 and the bean counting of AB 901 makes everyone scared. But we know that with SB 1383 implementation we do not fear China, as we do take care of our own: we feed hungry people, feed the CNG tank, feed the energy grid, and feed our local soils with organics.

SB 1383 | Regulations

After 18 months and 13 public stakeholder workshops, at the CalRecycle December 18, 2018 public meeting, staff recommended approval to begin the formal Office of Administration Law (OAL) rulemaking process and notice the Proposed Organic Waste Reduction Regulations to implement the organic waste landfill reduction requirements of SB 1383. Without any vocal opposition, Director Smithline directed staff to complete the necessary rulemaking documents and file the proposed regulations with OAL. The [Standardized Regulatory Impact Assessment \(SRIA\)](#) is a required element of the initial rulemaking documents that must be submitted to OAL. The SRIA provides a macro statewide analysis of the potential costs and benefits of the regulatory requirements, based on assumptions required by the Department of Finance. There could be \$17 billion in economic benefits and \$4.8 billion in avoided health impacts. The SRIA relies on projections of potential infrastructure scenarios that are consistent with the projections made in the Short-Lived Climate Pollutant Strategy adopted by the California Air Resources Board in 2017. CalRecycle will also be the lead agency for the preparation of an Environmental Impact Report (EIR) for the proposed SB 1383 regulations. Comments for the [Notice of Preparation for the EIR](#) are due January 10, 2019, CCC plans to file comments.

AB 901 | Regulations

After 1,130 comments and several years, at the December 18, 2018 monthly meeting, CalRecycle staff have determined that no additional modifications to the proposed rulemaking text implementing the AB 901 Recycling and Disposal Reporting System (DRS) are needed, and recommended to conclude the rulemaking process by submitting a completed package to the Office of Administrative Law for approval and publication in the California Regulatory Notice Register. Director Smithline approved the DRS regulations and filed a Notice of Exemption with the State Clearinghouse as provided under the California Environmental Quality Act. Training will start soon and reporting begins on July 1, 2019, where more data will not increase recycling, but will be used to set better policies.



I SB 1383 Regulations

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, anaerobic digestion, renewable natural gas, and biochar.

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SB 1383 draft regulations were approved at the December 18, 2018 CalRecycle Monthly meeting to be sent to the Office of Administrative Law to initiate the formal rulemaking process which includes the Standardized Regulatory Impact Assessment (SRIA).

The SRIA provides a macro statewide analysis of the potential costs and benefits of the regulatory requirements, based on assumptions required by the Department of Finance. The SRIA relies on projections of potential infrastructure scenarios that are consistent with the projections made in the Short-Lived Climate Pollutant Strategy adopted by CARB in 2017. CalRecycle will also be the lead agency for the preparation of an Environmental Impact Report (EIR) for the proposed SB 1383 regulations. Comments for the Notice of Preparation for the EIR are due January 10, 2019 where baseline emissions will be determined.

The regulations are expected to be adopted in 2019 and become effective in 2022, sending regulatory signals to local government, generators, and the recycling industry to start planning to divert over 15 million new tons by 2025 and adding 80-90 new composting and anaerobic digestion facilities. Entering the OAL rulemaking process is important to keep the momentum going to achieve regulatory certainty soon. Adopting regulations in 2019 allows regulated entities approximately three years to plan and implement necessary budgetary, contractual, and other programmatic changes. Jurisdictions, haulers, and generators should consider taking actions now to implement programs to be in compliance with the regulations on January 1, 2022.

SB 1383 requires CARB to approve and begin implementing the comprehensive strategy to reduce emissions of short-lived climate pollutants to achieve a reduction in methane by 40% below 2013 levels by 2030. With the methane emission reduction goals in place, the following objectives were also adopted to reduce the landfill disposal of organics: 1) a 50% reduction in the level of the statewide disposal of organic waste from the 2014 level by

2020; 2) a 75% reduction in the level of the statewide disposal of organic waste from the 2014 level by 2025. It also is establishing an additional target that not less than 20% of currently disposed edible food is recovered for human consumption by 2025.

SB 1383 is about climate change and not landfill space, leapfrogging over the AB 939 (Sher, 1989) recycling mandates while parlaying the use of the infrastructure, and with the same shared responsibility tenets with local government and industry, but now generators have been added. AB 939 inspired billions of dollars of investment to meet the 50% waste diversion mandates to develop the collection and processing operations, which is now failing us, having been beholden to China markets. These recycling facilities are being transformed by adding organics processing capacity to process the AB 1826 (Chesbro, 2014) commercially collected organics and will need to be expanded again to meet the SB 1383 mandates of 2025.

SB 1383 transcends traditional recycling - we are now making over 14 million tons of AB 939 commodity bales each year that are trying find a home overseas, while domestic infrastructure still needs to be developed. With organics, the markets are local and regional and not exported materials. SB 1383 is a much bigger lift than AB 939 because we must develop a closed-loop system within our region. The SB 1383 investment would add another couple billion dollars at a time when local governments are facing higher priority issues. Designating compost and anaerobic digestion facilities as essential public utility services would assist in siting and funding SB 1383 infrastructure. Government agencies which procure compost and RNG as part of their own Climate Action Plan would sequester carbon in their own backyard and create local market demand. We have lost sight of the statewide goal of achieving the 75% recycling rate by 2020. We hope not to lose our 2020 vision waiting for 2022 when SB 1383 regulations become effective, as time is running out.