

Dear CalRecycle Staff:

Thank you for reaching out to stakeholders and accepting feedback on how to use the \$30 Million allocation of cap and trade revenues from the Governor's proposed budget. We appreciate CalRecycle getting this process started even before the budget is officially approved, so that maximum funds can be distributed to projects. The State critically needs new and enhanced infrastructure to manage organics and other recyclable materials locally so it is not sent out-of-state and overseas. We strongly support infrastructure development that would convert organic waste to clean energy, low carbon fuels, compost and other beneficial uses that reduce greenhouse gas emissions and environmental justice impacts.

We have a few comments on the competitive grant process proposed by CalRecycle and discussed at the February 6, 2014 workshop.

Consider Projects Earlier in the Development Process—Limiting applications to “shovel-ready” projects that are already permitted and have completed their CEQA process appears to favor projects that were already planned to be built, rather than those that need grant funding in order to get off the ground. It seems unlikely a project would invest in completing California's challenging permitting and CEQA process if they don't have financing already lined up, therefore the grant as proposed currently would simply be a windfall for projects that would already be built, rather than creating an incentive for additional projects.

- **Ensure a Fair Geographic Allocation of Grant Funds**—Similar to the Energy Commission's Alternative Technology Center grant solicitation in 2012, it would be beneficial to consider projects in various regions of the state (i.e. Northern CA, Mid State, Southern CA). We're seeing most of the anaerobic digestion (AD) development take place in Sacramento, Davis, San Jose and other Northern California cities. There needs to be an equitable distribution of funds throughout California. A simple competitive grant process without regional consideration may continue to support this cluster growth in the state.
- **Ensure Grant Criteria is Technology Neutral**—The organics solicitation is exclusively limited to anaerobic digestion (AD) and composting. Although AD is at present the most widely used technology to convert organic waste to energy, biomass gasification and other conversion technologies may provide equal or greater greenhouse gas reductions, which must be the primary emphasis of this program. We encourage CalRecycle not to use this grant solicitation to pick “winners and losers” among technologies that may be better suited to handle different components of the organic waste stream.
- **Retain Funding that Supports Local Remanufacturing**—Some commenters at last week's workshop made the point that recyclables already have the lion share of grant money and don't need the allocated \$5 Million from the cap and trade funds. We would argue that the need for remanufacturing and market development for recycled materials/end-products in California continues to be substantial given that only 2 million tons of recyclables are remanufactured in-state and 22 million tons are exported for remanufacturing.

Thank you for considering our comments. We look forward to the official release of the grant solicitations.

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