

Below are some comments on the criteria for the organics and loan portions of the AB 32 cap-and-trade funding proposal.

I want to acknowledge your request to minimize the amount of changes that are made to the proposal, so I'd like to focus on a just three important points:

Organics Grant Program:

- **GHG reduction accounting:** We strongly encourage you to provide further guidance on how to count the greenhouse gas reductions from organics projects. The current proposal is focused on the CERF standard developed by the Air Resources Board. CERF quantifies the benefits of applying finished compost, but does not include other greenhouse gas benefits of composting and AD projects, such as avoiding landfill emissions or offsetting fossil fuel emissions from fuels or energy production. Not only is the application of CERF to AD projects not clear (i.e. Do you apply the CERF factor to the original quantity of feedstock input or to the amount of digestate that goes to a composting facility? What about liquid products of digestion?), but some forms of digestion produce significantly less digestate than others while producing more fuels.

It is clear that the scoring criteria allow for project proponents to use other methodologies to quantify their GHG emission reductions, but further guidance would be necessary to make sure that the proposal are comparable to one another. This can be done in a separate guidance document or in a FAQ. While there are several quantification methodologies that need clarification, here are some that come to mind:

- For quantifying the avoided methane emissions, which methodology does CalRecycle recommend (e.g. WARM, ICLEI Communities Protocol, CAR offset protocol, other FOD modeling)? What defaults should be used for collection efficiency and oxidation? *(Note that I realize landfill efficiencies are a contentious issue, and that CalRecycle might be hesitant to wade into these questions. If CalRecycle does not clarify this ahead of time, staff will need to be prepared to recalculate the GHG reductions from multiple proposals to allow a true apples-to-apples comparison.)*
- If using an LCFS pathway, what fuel mix should the applicant compare their project to? For example, if a given digester has a carbon intensity of -15 gCO₂e/MJ, the project proponent could quantify the greenhouse gas benefit as 15 gCO₂e/MJ (the absolute benefit of the fuel being produced, regardless of any other fuel consumption), 82.7 gCO₂e/MJ (the difference in carbon intensity between CNG derived from CA pipeline natural gas and the carbon intensity of the fuel being produced), or 113.03 gCO₂e/MJ (the change in carbon intensity from doing CNG retrofits for your fleet and using biogas instead of diesel). It seems like there are several other potential interpretations, as well.
- What baseline resource mix is assumed for avoided fossil fuel emissions in energy generation?
- How does one apply the CERF factor to digestate?

- Can project proponents use other methodologies, such as the work of the Marin Carbon Project, the research done by Matt Cotton and Dr. Sally Brown, or some of the studies cited in the WARM composting factors or New South Wales report?
- **Destiny of digestate or finished compost:** It is important to require applicants to describe where the digestate or finished compost will be used. For instance, a waste water treatment facility might want to add capacity to digest foodwaste. This type of project should remain eligible, but, if the digested biosolids from the facility are subsequently used as ADC, the project would not achieve the same greenhouse gas benefits that would be achieved through a project that results in the agricultural use of compost or digestate.

It seems self-evident that a proposal that results in lower greenhouse gas reductions should score lower, but the current GHG scoring criteria do not provide a clear mechanism for considering the ultimate fate of the digestate or compost. (*To avoid onerous documentation requirements, CalRecycle might consider simply requiring applicants to say whether their proposal will result in digestate or compost going to a landfill for disposal or cover.*)

Statewide Loan Program

- **Greater focus on markets for loan recipients:** The state has had some recent history with RMDZ loans going to facilities that were stockpiling recyclables without clear end markets (i.e. Carpet Collectors). Loans to these types of facilities undercut the goals of the program, and can result in significant clean-up costs. To avoid repeating these mistakes, this new loan program needs to have a greater focus on ensuring that applicants have realistic end markets for the materials that they will be collecting.

Thanks all.

Nick Lapis
Legislative Coordinator
Californians Against Waste
916.443.5422 (office)
415.845.6335 (cell)
916.443.3912 (fax)
www.cawrecycles.org