August 16, 2017

The Honorable Kevin de Leon  The Honorable Anthony Rendon
President pro Tempore  Assembly Speaker
State Capitol, Room 300  State Capitol, Room 219
Sacramento, CA 95821  Sacramento, CA 95821

RE: Support for Additional Cap & Trade Expenditures for Waste Diversion Projects

Dear pro Tem De Leon and Speaker Rendon:

The California Association of Sanitation Agencies (CASA) respectfully requests the Legislature consider allocating additional Cap & Trade revenues for projects that maximize the wastewater sector’s uniquely positioned ability to achieve tangible, cost-effective Greenhouse Gas (GHG) and Short-Lived Climate Pollutant (SLCP) emissions reductions. CASA is an association of California wastewater agencies engaged in advancing the recycling of wastewater into usable water, maximizing beneficial use of biosolids, generating renewable energy, and producing other valuable resources.

Wastewater agencies have the unique ability to provide tangible GHG reductions that will help the State meet GHG and SLCP reduction goals, largely by utilizing existing publicly owned wastewater infrastructure. CASA estimates that 75% of the food waste, as well as fats, oil and grease, currently landfilled in the State could be diverted for processing by wastewater agencies through anaerobic digestion (AD). Such diversion will help the state achieve the legislative mandate to divert 75% of organic waste from landfills by 2025 and the 40% reduction in methane emissions by 2030. The AD process results in the production and capture of digester gas, also known as biogas, which is generally about 60% methane and can be used to produce renewable power, biomethane (a renewable natural gas product that can replace fossil-based natural gas) and biofuel. The byproduct of the AD process, known as biosolids, can be directly land applied, used in reclamation projects, and/or turned into compost, all of which support California’s healthy soils initiative. Innovative technology is also under development to use biosolids in the production of renewable energy products such as fuel.

In addition to the emissions reductions benefits of these types of wastewater projects, many projects also achieve other state priorities, such as addressing the water-energy nexus. The introduction of diverted organics to wastewater digesters results in additional generation of biogas. Biogas can be used in a variety of applications, including onsite generation, which offsets the large amount of energy that would otherwise be imported from the grid to treat wastewater and transport recycled water. Additionally, biosolids recycling through land application and composting can help the state achieve its water conservation and agricultural efficiency goals by improving soil health, increasing soil organic levels, increasing crop production and reducing the need to irrigate due to their high water holding capacity, thus allowing for more efficient irrigation practices.

The Legislative Analyst’s Office indicates that Cap & Trade investments in waste diversion and other bioenergy categories is the single most cost-effective allocation of all Greenhouse Gas Reduction Funds. Given the significant GHG and SLCP emissions reductions that can be achieved by projects
within the wastewater sector, CASA respectfully offers the following suggestions for your consideration in FY 2017-18 Cap and Trade allocations.

- Allocate at least $100 million to the CalRecycle Organics Grant Program for waste diversion projects. We strongly encourage the maximum investment possible in waste diversion projects if additional revenue becomes available this year or in future investment years;
- Express a preference for organics diversion projects that can demonstrate the most significant GHG and SLCP reductions, including those utilizing existing wastewater infrastructure;
- Consider including priority funding criteria for emissions reductions projects that address the water-energy nexus, improve soil health, and provide water efficiency benefits.

In addition to these funding suggestions, CASA has several key policy suggestions that, if implemented, would maximize the collaborative opportunities with the wastewater sector to assist the state in achieving its emissions goals. We would be happy to further discuss where policy support could help facilitate cost neutral alternatives, but also market certainty, for the products of co-digestion generated by these critical waste diversion projects.

CASA also supports the efforts of the Bioenergy Association of California in advocating for the allocation of revenues to support low carbon biofuels production. We look forward to working together as proactive partners on our multitude of shared objectives.

Sincerely,

Jessica Gauger
Manager of Legislative Affairs