May 9, 2016

The Honorable Richard Bloom, Chair
Assembly Budget Subcommittee No. 3 on Resources and Transportation
State Capitol, Room 2003
Sacramento, CA 95814

Re: Support for Wastewater Cap & Trade Funding Allocations and Legislation to Allow the Wastewater Sector to Realize Its Potential to Reduce Greenhouse Gases

Dear Assembly Member Bloom:

The California Association of Sanitation Agencies (CASA) strongly recommends that the Legislature prioritize the wastewater sector for Greenhouse Gas Reduction projects and programs when considering allocations for Cap and Trade funds. 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 greenhouse gas (GHG) reductions that will help the State meet GHG and Short-Lived Climate Pollutant (SLCP) reduction goals, largely by utilizing existing publicly owned wastewater infrastructure. CASA estimates that up to 3,825,000 wet tons (75%) of the food waste, as well as fats, oil and grease (FOG), currently landfilled in the State could be received and processed by wastewater agencies through anaerobic digestion (AD). The AD process results in the production of digester gas, also known as biogas, which 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 recycled to land directly or as compost for use as a fertilizer or soil amendment, or used to produce renewable energy products such as fuel.

To implement these organic diversion projects and fast track achievement of the State goals, capital investments are needed at wastewater agencies for (1) receiving facilities for the acceptance of food waste and FOG, (2) AD upgrades for improved mixing and heating, (3) methane gas conversion technology to utilize the increased volume of biogas that will be generated, and (4) biogas cleaning and related technology to ensure compliance with emission limits, and (5) effective means to recycle the increased quantity of biosolids that will result from management of diverted organic waste via anaerobic digestion.

Due to the unique and potentially significant contributions of the wastewater sector to GHG and SLCP reductions, CASA respectfully requests that FY 2016-17 Cap and Trade allocations be revised to adequately reflect the collaborative assistance the wastewater sector can offer by allocating a
specific subset of Cap and Trade funds for wastewater sector projects. Specifically, the Legislature should:

- Increase Cap and Trade fund allocations to the CalRecycle Organics Grant Program by at least $50 million specifically for projects by the wastewater sector.
- Direct CalRecycle to increase the grant cap from $3M to up to $10M or more per project and increase the percentage of project costs that can be paid for through the program. The most effective projects to address GHG reduction through organics diversion are regional in nature, and may require significantly more financial assistance than has previously been provided.
- Allow project costs to include project elements related to energy utilization.

In addition, several bills making their way through the Legislature will help achieve these goals by developing or modifying programs and allocating funds for wastewater projects. CASA urges your support for:

- SB 970 (Leyva), which would develop criteria that would encourage effective and efficient regional integrated food waste diversion projects at existing wastewater treatment facilities.
- SB 1213 (Wieckowski), which would allocate funds to local wastewater agencies for biosolids to clean energy capital projects.
- SB 1301 (Hertzberg), which would allocate gas sector Cap and Trade revenues to pipeline injection projects.

CASA supports all of these bills and urges you to approve a specific Cap and Trade funding allocation to the wastewater sector, which is in a strong position to provide cost effective, meaningful GHG reductions. Thank you for your consideration of these comments. We look forward to working together as proactive partners on our multitude of shared objectives.

Adam D. Link  
Director of Government Affairs  

CC: Members, Assembly Budget Subcommittee No. 3 on Resources and Transportation  
Members, Senate Budget Subcommittee No. 2 on Resources, Environmental Protection, Energy and Transportation  
The Honorable Anthony Rendon, Speaker of the Assembly  
The Honorable Kevin De Leon, Senate President pro Tempore  
Ms. Martha Guzman Aceves, Office of Governor Edmund G. Brown, Jr.