

**DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY**1001 I STREET, SACRAMENTO, CALIFORNIA 95814 • WWW.CALRECYCLE.CA.GOV • (916) 322-4027

P.O. BOX 4025, SACRAMENTO, CALIFORNIA 95812

February 9, 2012

Commissioner Carla Peterman
California Energy Commission
Dockets Office, MS-4
Re: Docket No. 11-ALT-1
1516 Ninth Street
Sacramento, CA 95814-5512

Via Email: docket@energy.state.ca.us

Subject: Advisory Committee Meeting regarding the Draft 2012/2013 AB 118 Investment Plan,
Docket No. 11-ALT-1

Dear Commissioner Peterman:

I would like to thank you for the opportunity to continue CalRecycle's participation in the AB 118 Advisory Committee. This collaboration will help further our common interest in advancing biofuel production, and I would like to reiterate our commitment to assisting your staff in implementing the Plan.

The draft Investment Plan addresses many significant issues, most of which are outside of CalRecycle's purview. CalRecycle's direct interest in the Plan focuses on the use of organic materials as feedstocks for fuel production, and we laud the CEC's efforts in past plans to fund fuel production both from landfill gas and pre-landfill biomethane facilities (e.g., anaerobic digestion). Last year's Investment Plan had a separate funding line for pre-landfill biomethane, which CalRecycle fully supported.

CalRecycle believes this separate emphasis on pre-landfill biomethane is still appropriate, does not support elimination of the category from the 2012-13 Investment Plan, and would like to see this funding line restored for the reasons described below.

Subsequent to the adoption of the 2011-12 Investment Plan, Governor Brown signed AB 341, which established a new State policy goal that 75% of the solid waste generated be source reduced, recycled, or composted by the year 2020. AB 341 further strengthens the rationale for a separate allocation for pre-landfill biomethane production, as it will result in increased

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availability of organic waste feedstocks for the production of pre-landfill biomethane while simultaneously reducing the amount of organic waste buried in landfills. In addition, CalRecycle also has adopted a strategic directive aimed at reducing the amount of organic materials disposed in landfills by 50 percent, by the year 2020. One of CalRecycle's key current priorities thus is the development of biogas from facilities that divert organics from landfills, in accordance with this internal strategic directive and the requirements of AB 341.

Accordingly, adequate funding through AB 118 and other funding mechanisms such as LCFS Credits or Offset Project Protocols are critical to the development of in-state biofuel facilities that use organic feedstocks. CalRecycle is currently working with the Air Resources Board to develop a LCFS pathway for anaerobic digestion of pre-landfill organics. We anticipate that the carbon intensity (CI) of this new pathway will be significantly lower than the CI of fuels produced from landfill and dairy feedstocks.

Pre-landfill organics is a vast resource. According to studies from the California Biomass Collaborative, MSW feedstock has the potential to produce 300,000,000 gallons of gasoline equivalents per year. This material is already being collected and is a sustainable source of feedstock for the production of low carbon fuel at biorefineries co-located with existing infrastructure at landfills, transfer stations, waste water treatment plants, material recovery and compost facilities. While biomethane production facilities can benefit from co-locating at sites with existing infrastructure, funding through the AB 118 Investment Plan is needed in order to accelerate the deployment of this technology, provide a sustainable source of in-state low carbon fuel, and create new jobs in California.

I regret that I cannot attend the February 10 meeting of the Advisory Committee due to a prior commitment, but CalRecycle will be represented at the meeting. If you have any questions, please do not hesitate to contact me directly at (916)341-6311.

Sincerely,

A handwritten signature in cursive script that reads "Howard Levenson".

Howard Levenson, Ph.D.
Member of the Alternative and Renewable Fuel and Vehicle Technology Program (AB118)
Investment Plan Advisory Committee

Deputy Director, Materials Management and Local Assistance Division