

**California Natural Gas Vehicle Coalition
Environ Strategy Consultants, Inc.
Rural County's Environmental Services Joint Powers Authority
Republic Services
Waste Connections
Waste Management**

April 24, 2012

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 11-ALT-01
1516 Ninth Street
Sacramento, CA 95814-5512

Via Email: docket@energy.ca.gov

Subject: 2012-2013 Investment Plan for AB 118 Funding

Dear Energy Commission:

Thank you for the opportunity for our respective organizations to submit our collective comments on the proposed AB 118 2012-2013 Investment Plan (Plan). We understand that the Energy Commission (CEC) is accepting comments through 1 pm on Tuesday, April 24, 2012.

The parties to this letter own and operate solid waste disposal and recycling facilities throughout California. We are very interested in the opportunities that AB 118 funding provides to convert the energy contained in solid waste to useful transportation fuels, as some of us are already doing in California and elsewhere. We hope to continue investing in California Alternative fueling infrastructure in the future. However, given the historically low price of fossil natural gas, AB 118 funds in concert with other incentives are essential for the practical development of biofuels.

The one area that we would suggest amending in the Plan pertains to "pre-landfill" waste-based biomass sources. The last sentence in the first paragraph on page 19 of the Plan states:

"Biomethane production projects must utilize prelandfill (sic) waste-based biomass sources. "

We do not believe that the Plan further discusses or explains this provision – although we recognize the AB 118 program provides a means of incentivizing the diversion of organic wastes from landfills – which we support. Our organizations do strongly support placing an emphasis on pre-landfill waste-based biomass source, but not to the complete exclusion of landfill

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sources of biomethane -- particularly if they are cost-effective and achieve other environmental benefits such as criteria pollutant reduction or reduction in GHG emissions.

Currently, the only commercial scale biomethane facility is a landfill gas to LNG plant in Northern California with a second such facility proposed for southern California. Clearly, landfill gas to transportation fuel projects are technically feasible and cost-competitive sources of biomethane for transportation fuels.

Further, development of landfill gas as a transportation biofuel can have additional benefits. Many existing landfill gas projects use internal combustion engines to produce electricity that can be used onsite and sent to the grid. These engines are relatively inefficient and produce NOx, CO and VOC emissions that need to be controlled. Refining this same landfill gas into a transportation fuel can result in the significant reduction of these criteria air pollutants that result from onsite combustion to produce electricity. Many air districts in California are seeking to impose stringent requirements on these projects. Converting the landfill gas to transportation fuels is a critical alternative to reduce criteria pollutant emissions and to efficiently displace the use of fossil fuels – thereby reducing GHG emissions.

Similarly, there is considerable opportunity for newly developed landfill gas to transportation fuel projects. According to CalRecycle, only about 55% of all collected landfill gas is used beneficially in California – the rest is simply flared and wasted. AB 118 provides an opportunity to effectively put this wasted energy to use. While at the same time, this would be displacing the use of fossil transportation fuels.

Finally, there are serious efforts underway to remove the current restrictions on the injection of highly treated and processed landfill gas into common carrier natural gas pipelines. Lifting of these restrictions will provide an additional option to get biomethane distributed for use as a transportation fuel. Support by the Energy Commission's AB 118 program will be essential if these projects are to be successful.

The parties to this letter agree that pre-landfill waste-based biomass sources should continue to be encouraged and emphasized with a clear priority. However, we also believe that the door should not be completely shut on the development of landfill gas projects if they are shown to be cost effective and can achieve other environmental benefits. To achieve this, we suggest the sentence cited previously on page 19 of the plan, be modified as follows:

“Biomethane production projects are encouraged to utilize pre-landfill waste-based biomass sources as the highest priority. This is consistent with the state policy to maximize the diversion of waste from landfills. However, landfill waste based sources of biomethane may be considered if they demonstrate both:

- ◆ **Cost-effectiveness as compared to other projects, and**
- ◆ **A significant reduction in criteria pollutant and/or GHG emissions as compared to the current method of managing the landfill derived biogas.”**

We believe this framework will continue to emphasize pre-landfill waste-based biomass as the preferred source of biomethane. However, it will still provide an opportunity for environmentally beneficial and cost-effective landfill gas projects to compete for available funding.

Please contact any one of the undersigned if you have any questions or require further information regarding our recommendation.

Sincerely,

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