



AIR ISSUES & REGULATIONS COMMITTEE

A Committee of the Bay Area Clean Water Agencies

Committee Meeting

February 26, 2014

10:00 am – 1:00 pm

Introductions & Opening

Agenda

- Introductions and Opening
- Regulatory Updates
 - I. Local Regulatory News
 - II. State Regulatory News
 - III. National Regulatory News
- Scoping Plan Updates
- CalRecycle Webinar Overview
- Technical Resources
- Grant Opportunities
- AIR Business Items
- Closing



Local Regulatory News

Local Regulatory News

BAAQMD Fees

BAAQMD Fee Increase

Effective on July 1, 2014

- Purpose: Help BAAQMD recover greater share of the costs of implementing and enforcing regulatory programs for stationary sources of air pollution
- 3% Fee Increase:
 - New and modified source filing
 - Banking
 - Alternate compliance plans
 - Permit to operate renewals
- Fee increases associated with various schedules in Regulation 3 would vary between 2% and 9%
- Public workshop to discuss proposed fees on February 18th
- Additional information is available at:
<http://www.baaqmd.gov/Divisions/Planning-and-Research/Rule-Development/Rule-Workshops.aspx>



State Regulatory News

State Regulatory News

Refrigeration Systems

Deadline to Register Refrigeration Systems

- Applicable to facilities with at least one refrigeration system with a full charge \geq 200 pounds of high-GWP refrigerants:
 - Chlorofluorocarbons (CFCs)
 - Hydrochlorofluorocarbons (HCFCs)
 - Hydrofluorocarbons (HFCs)
- Qualifying facilities must register all their refrigeration systems with CARB by March 1, 2014
- Facilities with 50-200 pounds of high-GWP refrigerants in the largest refrigeration system must register in 2016
- Online registration and reporting tool: www.arb.ca.gov/rmp-r3



State Regulatory News

Mandatory Reporting and Cap-and-Trade Regulations (Slide Content Credited to CWCCG)

Mandatory Reporting and Cap-and-Trade Regulation Updates

- Revised MRR, 95101(b)(2), reads:
 - “...if emissions captured within the...facility boundary, **including vented and fugitive emissions**, exceed the 25,000 metric ton CO₂e threshold...must submit a GHG report pursuant to the full requirements...”
 - CWCCG met with CARB staff to discuss excluding municipal WWTPs
 - CARB attorney’s reviewed regulation
 - Submitted comment letters to CARB to exclude fugitive and process CH₄ and N₂O emissions
 - CARB documented that municipal WWTPs are NOT required to report fugitive and process emissions in Final Statement of Reasons for the MRR
 - No exclusion inserted in the Cap-and-Trade Regulation (latest drafts released January 31st)



National Regulatory News

National Regulatory News

Federal GHG Regulations

GHG Reporting Rule

- Proposed technical corrections to USEPA's GHG Reporting Rule:
 - Revise CH₄ GWP to 25 (from 21)
 - Revise N₂O GWP to 298 (from 310)
- Implementation of revisions:
 - USEPA will NOT require facilities to revise previously-submitted reports
 - Prior year reports, using original GWPs, will remain publicly available
 - USEPA will also re-publish 2010, 2011, and 2012 reports using the revised GWPs
 - This will allow comparisons of GHG data trends using consistent GWPs and without placing additional burden on reporters



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Biogenic Emissions

- Court Ruled to vacate USEPA's "Deferral Rule" for biogenic CO₂ emissions under the GHG Tailoring Rule:
 - Supreme Court will hear arguments February 24th
 - Supreme Court will consider whether USEPA determined that its regulation of GHG emissions from new motor vehicles triggered permitting requirements for stationary sources
 - Decision is expected in summer; vacature will not be affirmed until then
- NACWA Source: USEPA is leaning toward biogenic CO₂ exclusion for POTWs
- CWCCG is coordinating with NACWA's Biogenic Emissions Coalition to discuss their next steps

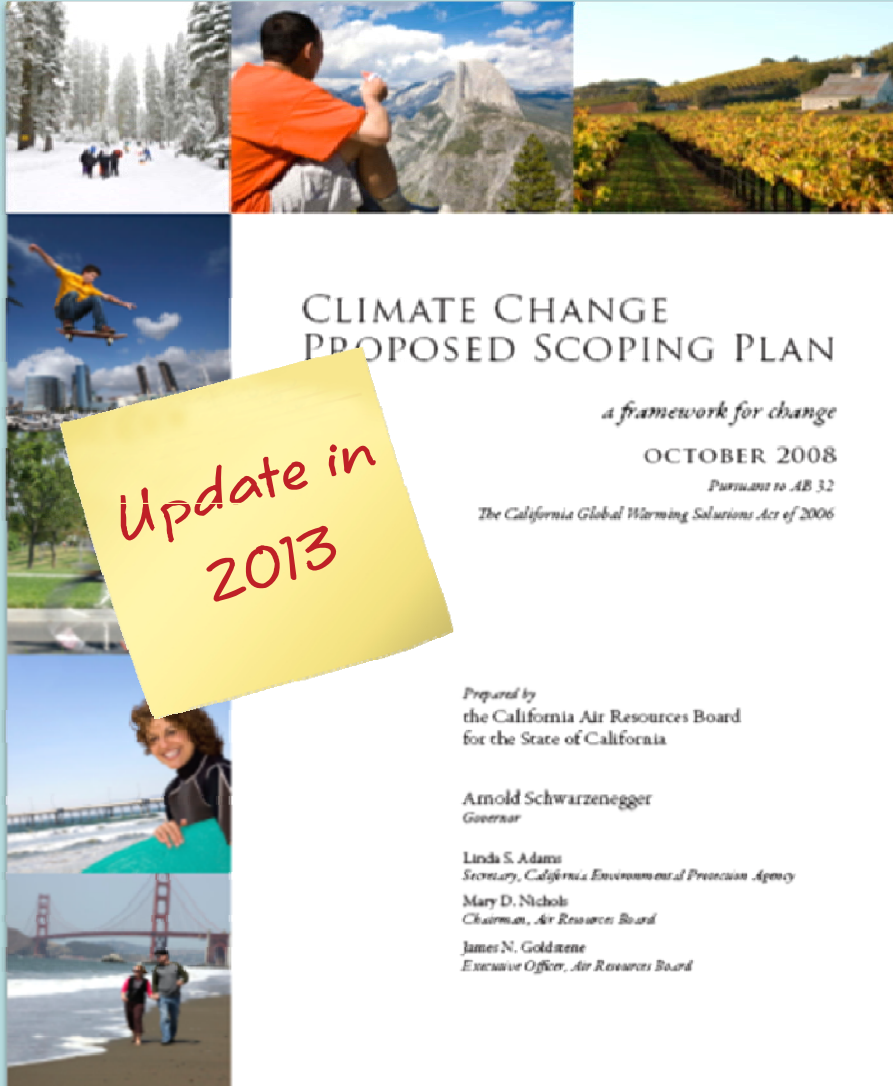


Additional Items

Additional Items

Scoping Plan Updates
(Slide Content Credited to CWCCG)

AB32 Scoping Plan Update



- Approach for satisfying future GHG reduction targets
- Timeline:
 - First update since 2008
 - October 1: Discussion Draft
 - February 10: Draft Proposed Update
 - February 20: Board Update
 - Mid-March: Appendices
 - Late Spring: Board Hearing to Adopt Final Proposed Update



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Proposed Scoping Plan Objectives

- Present California's climate change priorities for the next 5 years
- Describe progress towards meeting 2020 goals
- Identify 6 focus areas for setting long term (2050) goals:
 - Transportation
 - Energy
 - Water
 - Waste management
 - Agriculture
 - Natural and working lands
- Set an interim target between 2020 and 2050
- Transition to GWPs from IPCC Fourth Assessment Report
- Target reductions in criteria air pollutants, especially precursors to tropospheric ozone (smog)
 - Methane is mentioned separately

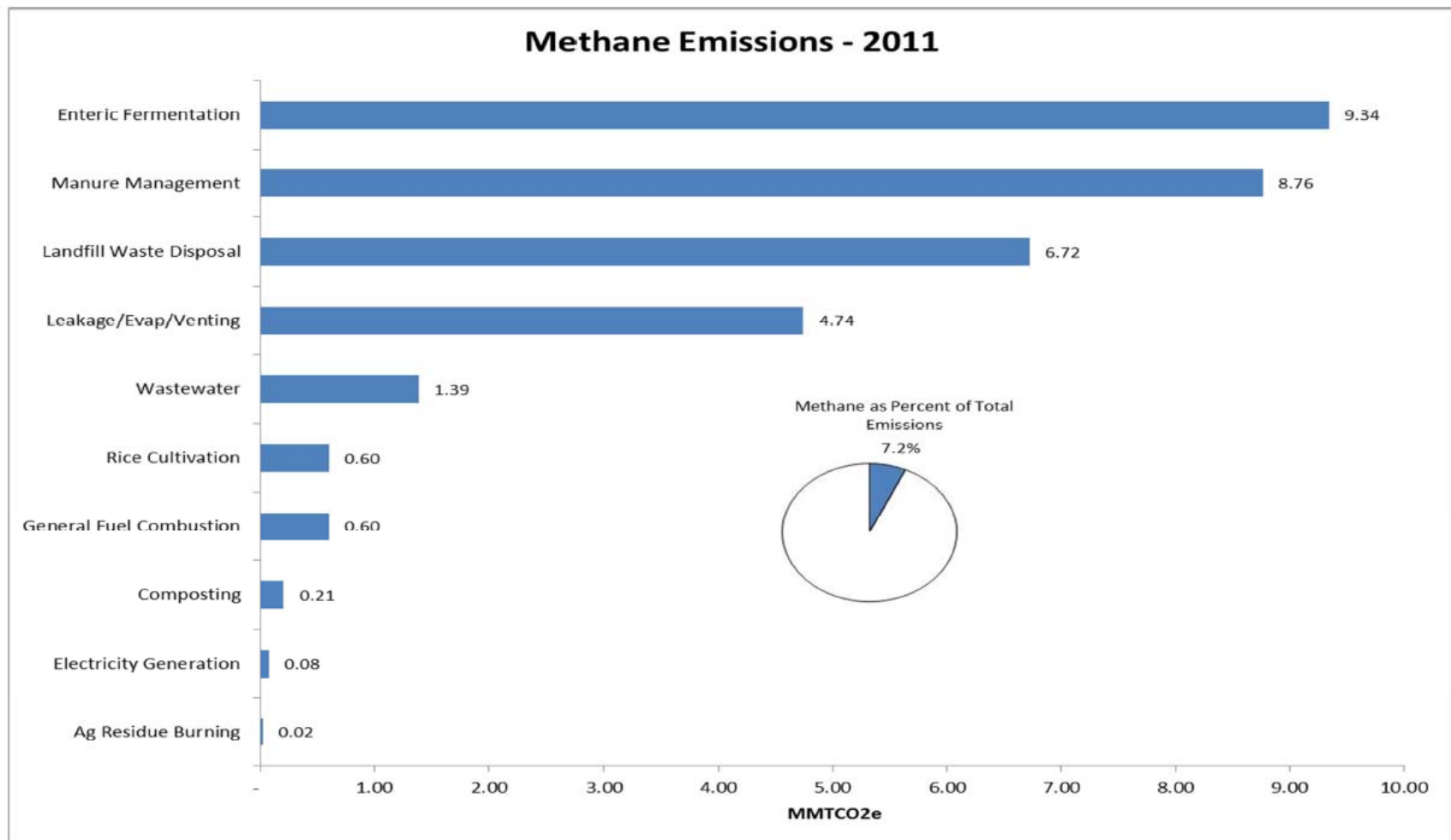


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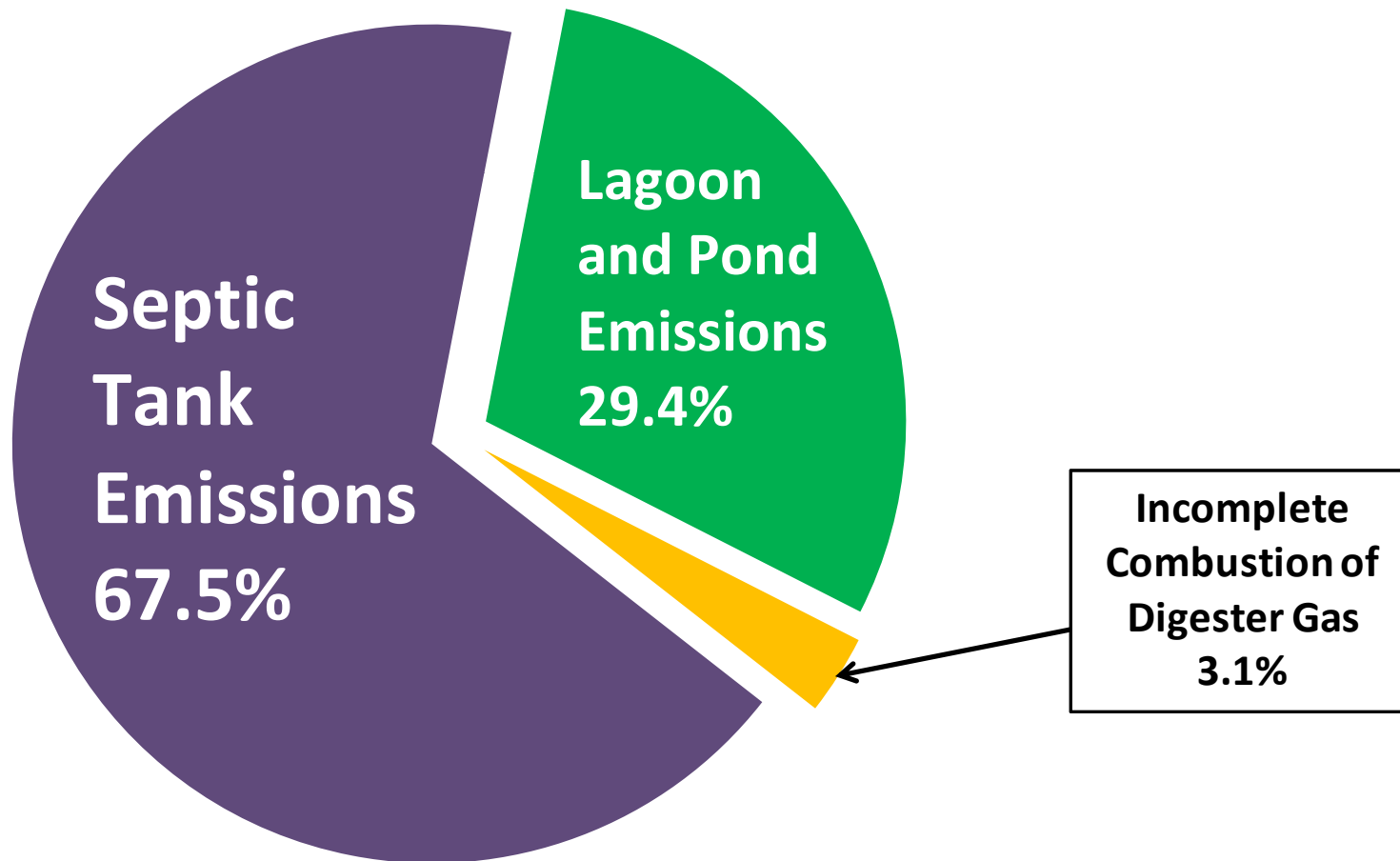
“Wastewater” One of the Top 5 Anthropogenic Sources of CH₄ in 2011

Figure 3: California Methane Emission Sources (2011)



CWCCG Provided Data Showing “Wastewater” is Not One of the Top 5 Sources

Distribution of CH₄ Emissions from the Sewage Sector



Distribution drawn from EPA's assumptions in the **INVENTORY OF U.S. GREENHOUSE GAS EMISSIONS AND SINKS: 1990 – 2011, Chapter 8, pages 8-17 to 8-19**, EPA 430-R-13-001, link: www.epa.gov/climatechange/Downloads/ghgemissions/US-GHG-Inventory-2013-Chapter-8-Waste.pdf

Draft Proposed Scoping Plan

- Energy:
 - CARB to develop a low-cost interconnection process for distributed generation by 2015
- Water:
 - SWRCB and CPUC to develop incentives by 2015 for resource-recovery related wastewater treatment projects
 - SWRCB and RWQCB to modify policies and permits by 2016 to achieve conservation, water recycling, storm water reuse, and wastewater-to-energy goals
- Waste:
 - Confirming co-digestion would be eligible
 - Asking that GHG emissions reductions estimates take into account products of compost and anaerobic digestion
 - Support offset protocol development for recycling, composting, anaerobic digestion, and biomass
- CWCCG looking for more detail and specific opportunities to be identified in the appendices:
 - Appendix B: Status of Scoping Plan Measures
 - Appendix C: Focus Group Working Papers (including the water focus area paper)



Additional Items

CalRecycle Webinar Overview
(Webinar held February 6, 2014)

GHG Reduction Fund

- Established in 2012 by 3 bills:
 - [AB 1532](#) (Pérez, Chapter 807)
 - [Senate Bill \(SB\) 535](#) (De León, Chapter 830)
 - [SB 1018](#) (Budget and Fiscal Review Committee, Chapter 39)
- Receives auction proceeds and provides the framework for how the auction proceeds will be administered.
- Disadvantaged communities:
 - 25% of the auction proceeds must be used for their benefit
 - At least 10% of the auction proceeds must be invested in projects located within those communities
- Additional information is available at:
<http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/auctionproceeds.htm>



Governor's Proposed Budget

- Released on January 9, 2014
- Includes \$30 million in FY 2014/15 funding:
 - Targets capital investments that expand the waste management infrastructure to reduce GHG emissions, with a priority in disadvantaged communities
- Grants and loans:
 - Administered by CalRecycle
 - Intended to promote infrastructure development for facilities in California that divert more materials from landfills
 - Targeted to build or expand organics infrastructure, such as composting and anaerobic digestion, or reduce food waste in California
 - Other targeted activities include new or expanded infrastructure for manufacturing products with recycled content fiber, plastic, or glass
 - Grant funds must be encumbered within 1 year and spent within 3 years – NOW IS THE TIME TO START ACTING
- Additional information is available at:

<http://www.ebudget.ca.gov/FullBudgetSummary.pdf>



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Current Status & Preliminary Schedule

- Comment Period: Closed February 14, 2014
- Proposal with Final Criteria:
 - Discussed internally with Director
 - Posted before March 18, 2014
- Meeting to Roll-out Final Program: March 18, 2014
- Notice of Final Award: Spring 2014
- Loans and Grants:
 - Applications available May 2014
 - Applications due early Summer 2014
 - Grants awarded late Summer 2014
- Organics Applications Due: January 15, 2015
- Organics & Other Recyclable Material Applications:
 - Open beginning February 2015
 - Loans awarded early 2015



Allocation of Cap-and-Trade Revenue

- \$30 million proposed:
 - Organics Grants: ~ \$15 million
 - Fiber, Plastic, & Glass: ~\$5 million
 - GHG Reduction Loan Program: ~\$10 million
 - All programs competitive
- New or expanded infrastructure in California:
 - Infrastructure for green/food materials currently landfilled (commercial composting or anaerobic digestion)
 - Infrastructure for manufacturing products with recycled fiber, plastic, or glass feedstock
 - Existing facility upgrades must show increased throughput & GHG reductions



General Grants Information

- Eligible applicants:
 - Government entities: cities, counties, regional or local sanitation agencies, waste agencies & joint power authorities
 - State government agencies
 - Private, for-profit and not-for-profit companies
- Grant details:
 - Maximum award per project: \$3 million
 - Applicants can apply for multiple grants
 - Grant funding paid in arrears (i.e., not paid upfront)
 - Project costs cannot be incurred prior to notice to proceed
 - Grant money can be combined with other grants or loans if it:
 - Is for different elements (no double funding)
 - Doesn't exceed max



Grant Scoring Criteria

- GHG reductions (25 points; MT CO₂e)
 - Measured in metric tons of CO₂e
 - Must be permanent & measurable
 - Composters may use CERF or provide custom calculations
 - Others may use RERF or other methods
- Avoided landfill disposal (15 points)
 - Quantity of additional tons diverted, types of materials, & jurisdiction of origin
 - No preferential scoring of compost over anaerobic digestion
- Benefits to EBEV communities (10 points)
 - Benefit determined using OEHHA EnviroScreen
- Other environmental benefits (10 points)
 - Focused on air and water protection



Grant Scoring Criteria (continued)

- Project ready to move forward quickly (10 points)
 - Preference for sites with permits and environmental review complete
 - Advantageous for existing facilities with permitting capacity greater than current throughput
 - Project must be executed within the grant term
- Budget & financial strength (15 points)
 - Detailed budget
 - Fiscal soundness
 - Extra points given for matching funds
- Well-developed work plans & complete application (15 points)
 - Clear tasks and objectives
 - Letters of support are helpful
 - Encourage that for project description draw boundary as wide as possible to account for upstream emissions and downstream products and by-products.

Eligible vs. Ineligible Projects/Costs for Grants

	Organics Program	Fiber, Plastic & Glass Program
Eligible	<ul style="list-style-type: none"> • New or expanded/modernized composting facility • New or expanded anaerobic digestion facility • Other digestion/fermentation • Food rescue partnered with other eligible projects (not eligible without partnership) • Design & Engineering 	<ul style="list-style-type: none"> • Construction, renovation, or expansion that increases output of manufacturing facilities (can partner with a processing facility) • Design & Engineering
Ineligible	<ul style="list-style-type: none"> • Collection vehicles or containers • Dehydrators or liquefiers without additional composting/anaerobic digestion capacity • Feedstock purchase 	<ul style="list-style-type: none"> • Collection vehicles or containers • Sorting or processing without additional in-state manufacturing • Purchase of feedstock

General Loans Information

- Eligible applicants:
 - Government entities: cities, counties, regional or local sanitation agencies, waste agencies & joint power authorities
 - Private, for-profit and not-for-profit companies
- Project criteria:
 - Costs cannot be incurred prior to notice to proceed
 - Must obtain all applicable federal, state, & local permits prior to loan approval
- Loans:
 - Modeled after RMDZ loans
 - Must be paid back by applicants (grants are not paid back)
 - Underwriting requirements include operator work and education experience, adequacy of collateral, and business owner guarantee
- Scoring criteria (for those submitted by Jan 15):
 - GHG emission reductions
 - Tons of organic materials diverted from landfills
 - Benefits to EBEV communities



Loan Projects & Costs

	Loan Projects	Project Costs
Eligible	<ul style="list-style-type: none">• Construction, renovation, or expansion of organic facilities & other recyclable material manufacturing facilities to make recycled-content products <p>Note: processing facility projects coupled with in-state manufacture of recycled products <u>are</u> eligible</p>	<ul style="list-style-type: none">• Purchase of equipment & machinery• Real estate improvements



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Loan Details

- Interest rate: 4%
- Maximum loan amount: \$5 million (includes all outstanding CalRecycle loans)
- Required match: 25%
- Term:
 - Max 10 years with non-real estate assets
 - Max 15 years with real estate
 - Terms not to exceed useful life of equipment and machinery



Common Concerns

- Concerns:
 - How will small projects compete with big projects
 - How will rural areas compete with non-rural and EBEV areas
- Discussion topics:
 - Scoring criteria and weight of GHG component
 - Whether existing WWTP digesters (with excess capacity) can be eligible
 - Bottom-line: GHG reductions achieved with landfill diversion is a good candidate



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Bottom Line

- Grant and loans overview:
 - CalRecycle is gearing up for grants and loans to total \$30 million
 - Will be awarded to compost, anaerobic digestion, and recycled materials manufacturing facilities
 - NEW and EXISTING facilities are eligible
 - Awarded on a competitive basis
- Action items:
 - Although budget not final, **NOW IS THE TIME TO ACT**
 - Districts and municipalities with potential eligible projects should:
 - Gain an understanding of the application process
 - Start gathering information



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Additional Items

Technical Resources

Climate Ready Water Utilities (CRWU) Initiative and Water Utility Climate Alliance (WUCA)

- Webinars will assist the water sector in:
 - Developing a better understanding of climate change
 - Managing impacts
 - Creating adaptation strategies
- Webinars will also:
 - Include presentations from utility representatives that have used the planning methods to make critical decisions
 - Provide tools and resources to facilitate the planning process
- Webinar is currently scheduled for March 19th
- Additional information is available at:

<http://water.epa.gov/infrastructure/watersecurity/climate/index.cfm>



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Oberon Fuels: Biogas to Transportation Fuel Production

- Technology:
 - Producing DME, an alternative to diesel, from natural gas and biogas
 - Targeted for use in heavy-duty trucks and agricultural equipment
 - Diesel engine modifications are not required to use DME
 - Production unit
 - Requires up to 2.1 MMscf/day of biogas, unless supplemented with natural gas
 - Cost effectively produces either 10,000 gallons of DME per day or 11,300 gallons of methanol per day
- Partnering Options:
 - Looking to co-locate DME fuel plants adjacent to WWTPs
 - WWTP would sell Oberon its biogas (including CO₂ and CH₄, but scrubbed of other contaminants)
 - Oberon would process biogas to create DME
 - WWTP could use DME to fuel its truck fleet
 - Oberon Fuels is working with CARB to receive LCFS credits, which would be shared with WWTP
- Please contact Anna Lenhart (anna.lenhart@oberonfuels.com, 858-900-2625) for more information



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Additional Items

Grant Opportunities

State Water Board's Clean Water State Revolving Fund (CWSRF) Program

- CWSRF Program:
 - Accepts applications on a continuous basis
 - Offers low interest financing for water quality projects
 - Disburses \$200 - \$300 million annually
 - Any city, town, district, or other public body created under State law is eligible for funding
- CWSRF is currently focused on recycled water projects:
 - Create new water supplies as part of drought response
 - Projects should be ready to move forward in the next 1-3 years
 - Funding terms will be considered on March 18th:
 - Proposing expedited funding at 0% loans with 30-year terms
- Additional information is available at:



www.waterboards.ca.gov/water_issues/programs/grants_loans/srfaif_forms.shtml

Free Energy Audits

- California Energy Commission's Energy Partnership Program:
 - Provides up to \$20,000 of technical support to identify energy projects and their technical and economic viability
 - Available to both water and wastewater utilities
- Applications accepted on a first-come, first-serve basis
- Questions: Shahid Chaudhry at (916) 654-4858 or Shahid.Chaudhry@energy.ca.gov
- Additional information is available at: <http://www.energy.ca.gov/efficiency/partnership/>



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CARB's Clean Vehicle Rebate Project (CVRP)

- CVRP Program:
 - Accelerates the number of ultra-clean vehicles sold in California
 - Helps establish a sustainable market
- CVRP offers rebate funding for Hybrid and Zero-Emission Vehicles:
 - \$57 million in funding secured for FY13-14, available through 2015 on a first-come, first-serve basis
 - Approximately 14% of funding still available
 - Rebates of up to \$2,500 per light-duty vehicle available for purchase or lease of new eligible zero-emission or plug-in hybrid electric vehicles
- Additional information is available at:

<http://energycenter.org/index.php/incentive-programs/clean-vehicle-rebate-project>



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CARB's Truck Loan Assistance Program

- Truck Loan Assistance Program:
 - Helps small business fleet owners finance truck upgrades required under CARB's In-Use Truck and Bus Regulation
 - Helps truck owners purchase cleaner trucks, exhaust retrofits, and truck efficiency upgrades
- Program offers competitive-rate financing for fleets meeting the following criteria:
 - Company must be a small business (100 employees or less and less than \$10 million in annual revenue)
 - Fleet must operate in California a minimum of 51% of the total mileage
 - Fleet must be 40 or fewer heavy-duty trucks
- An additional \$18 million in funding is available
- Additional information is available at:

http://www.arb.ca.gov/msprog/truckstop/funding/loans_fa.htm



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Carl Moyer Memorial Air Quality Standards Attainment Program

- BAAQMD's Carl Moyer Program:
 - Strives to reduce air emissions from local heavy/medium-duty engines
 - Approximately \$15 million is available for emission reduction projects
 - Accepting applications on a first-come, first-serve basis
- Grants:
 - Cannot be used for projects currently required by law
 - Can be used for equipment compliance at least 3+ years prior to laws
 - Are available for projects that:
 - Install verified emission control devices
 - Replace older heavy-duty engines with newer and cleaner engines
 - Replace older equipment with newer and cleaner equipment
 - Purchase new equipment that is cleaner than the law requires
 - Install electric idling-reduction equipment
- Revised program guidelines adopted October 30th

<http://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>



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Voucher Incentive Program: On-road Heavy-Duty Vehicles

- Program:
 - Provides funding to reduce on-road heavy-duty diesel truck emissions
 - Applies to owners and operators of fleets of < 10 vehicles
 - Applies to on-road trucks with a GVWR > 14,000 pounds
- Available funds:
 - Total of \$3 million available now for the BAAQMD
 - Up to \$45,000 towards the purchase of a new vehicle
 - Up to \$10,000 for purchase/ installation of retrofit device
- Applications accepted on a first-come, first-serve basis
- Revised program guidelines adopted October 20th:

<http://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>



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Hybrid & Zero-Emission Truck & Bus Voucher Incentive Project

- Project:
 - Provides vouchers to help California fleets purchase hybrid and zero-emission trucks and buses
 - Fleets can order as many as 200 vouchers, with a limit of one voucher per vehicle
 - Only applies to heavy- and medium-duty vehicles
- Available funds:
 - Total of \$15 million available now
 - Up to \$55,000 towards the purchase of a new truck or bus
 - Vouchers expected to be available starting in December
- Applications accepted on a first-come, first-serve basis
- Additional information is available at:

<http://www.californiahvip.org/default.aspx>



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REMOTE Program

- REMOTE: Reducing Emissions Using Methanotrophic Organisms for Transportation Energy
- Program will provide \$34 million to find advanced biocatalyst technologies that can convert biogas to liquid fuel for transportation
- Current synthetic gas-to-liquids conversion approaches are technologically complex and require large, capital-intensive facilities, which limit widespread adoption
- Program goals include:
 - Lowering the cost of gas to liquid conversion
 - Enabling the use of low-cost, low-carbon, domestically-produced natural gas
- List of current projects is available at:

[http://www.arpa-e.energy.gov/sites/default/files/documents/files/METALS%26REMOTE Project Descriptions_091913.pdf](http://www.arpa-e.energy.gov/sites/default/files/documents/files/METALS%26REMOTE%20Project%20Descriptions_091913.pdf)



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Additional Items

AIR Business Items

BACWA AIR Budget Update

- Total Budget for FY 2013/2014: \$74,441
 - Spent: \$47,040 (through last Friday the 21st)
 - 63% of budget



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Closing

Next Meeting: Wednesday, April 16, 2014

Field trip for next meeting?