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POTWs and the California Global Warming Solutions Act of 2006 (AB 32)

The California Global Warming Solutions Act of 2006 (AB 32) will become effective on January 1, 2007. This Act establishes the first comprehensive greenhouse gas (GHG) regulatory program in the United States, and commits California to achieving significant GHG emissions reductions by 2020. The Act will regulate all public and private entities that produce GHGs (defined carbon dioxide, methane, nitrous as oxide. hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride) to achieve a statewide emissions limit to be set equivalent to the GHG emissions level in 1990.

As part of the requirements of AB 32, the California Air Resources Board (CARB) will adopt regulations for the reporting and verification of GHG emissions inventories by January 1, 2008. Publicly owned treatment works (POTWs) may be significantly impacted by this requirement.

POTWs may be required to report emissions from direct sources such as stationary and mobile equipment, treatment processes and fugitive emissions, as well as emissions from indirect sources such as purchased energy. Protocols and methodologies for estimating emissions from these sources, especially treatment processes and fugitive emissions are not fully developed at this time. Without proper review of the existing protocols and development of more accurate protocols where necessary, POTWs may find that their emissions estimates do not represent their actual emissions. Inaccurate reporting could ultimately result in the development of emissions reduction regulations for POTWs that are unfair and unjust.

However, by taking early actions to work collaboratively, POTWs can develop emissions estimating protocols that are accurate, representative, and scientifically sound. As a result, POTWs will be in a good position to help CARB in the development of GHG emissions reduction regulations that are fair and appropriate for the POTW industry.

POTWs may conduct their emissions inventories through the California Climate Action Registry. The Registry was established in October 2001, as a voluntary program to reduce GHG emissions in California. AB 32 stipulates that any entity that has voluntarily participated in the Registry

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CalFOG Workgroup Chair Trish Maguire East Bay Municipal Utility District 375 11th St., MS702 Oakland, CA 94623 reporting program by <u>December 31, 2006</u> will not be required to "significantly alter their reporting or verification program" to meet CARB requirements. AB 32 implies that CARB regulations for reporting and verification will resemble the Registry's current program.

While POTWs are not required to join the Registry, early participation in the program may be beneficial for several reasons. Registry participation may offer POTWs a forum for discussion and development of appropriate and accurate emissions inventory protocols. The registry may also provide a method through which to gain CARB acceptance for emissions estimating protocols. Large POTWs that have a higher potential to be impacted by future emissions reduction measures may want to consider early participation in the Registry. Smaller POTWs that emit less may not need to join the Registry early, but will be able to benefit from the work done by the POTW community when conducting their own emissions inventories in the future.

POTWs need to work together at this time to develop emissions estimating protocols that are appropriate, scientifically sound, and representative of the actual emissions from our industry. The resulting protocols will have a lasting affect on the emissions reduction measures that are developed by CARB. As a result of this proposed collaborative process, POTWs may also determine that a statewide emissions inventory program is necessary for our industry, and if so, work with CARB to develop such a program.

Timetable

CARB has been tasked with development of the program as outlined by AB 32. In addition to requirement for reporting and verification by January 1, 2008, AB 32 also establishes a number of notable deadlines that will affect GHG emitting entities. These deadlines are related to implementation of early actions, adoption of enforceable emission limits, and the development of a State Scoping Plan to achieve emission reductions by 2020. During the regulatory development process CARB will hold public workshops and workgroups through which stakeholders, such as POTWs, may submit comments and provide input. Key implementation dates are summarized in the table below.

AB 32 Timeline

| Date | Action |
|----------------------|--|
| December 31, 2006 | Deadline to voluntarily participate in the California Climate Action Registry's reporting program for emissions. |
| January 1, 2007 | California Global Warming Solutions Act of 2006 becomes effective. |
| June 30, 2007 | ARB must publish a list of "early action" GHG emission reduction measures that can be implemented by 2010. |
| January 1, 2008 | (1) ARB must adopt regulations for reporting and verification of GHG emissions. |
| | (2) ARB must determine 1990 GHG emission levels and specify the limit to be achieved by 2020. |
| January 1, 2009 | ARB must develop a scoping plan to achieve "the maximum technologically feasible and cost-effective greenhouse gas emission reductions from sources or categories of sources" by 2020. |
| January 1, 2010 | ARB must adopt regulations to implement the measures identified on the June 30, 2007 list of discrete early action GHG emission reduction measures. |
| January 1, 2011 | (1) ARB must implement the emissions reduction measures identified in the Scoping Plan through formal regulation. |
| | (2) ARB may establish a system of market-based declining annual aggregate emissions limits for sources or categories of sources that emit greenhouse gas emissions. |
| January 1, 2012 | (1) Operative date of GHG emission limits and emission reduction measures to be adopted by ARB by January 1, 2011. |
| | (2) Operative date for any market-based "cap-and-trade" system. |
| 2020 | State must achieve 1990 levels of greenhouse gas emissions. |