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CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD



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September 16, 2009

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Subject: Revised Organic Waste Digestion (OWD) Protocol

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Thank you for allowing the California Integrated Waste Management Board (CIWMB) to be part of the working group involved in developing the OWD protocol and accepting our input into some of the regulatory and performance test issues that are central to the protocol's effectiveness. The following comments are provided by CIWMB staff are not necessarily reflective of an official CIWMB position.

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In general, we are pleased with the protocol as it is written and appreciate the willingness to incorporate language that the CIWMB provided. These changes included broadening the definition of eligible organic waste streams to include pre-consumer food waste along with clarifying language on when a jurisdiction is eligible for project crediting after it has met its landfill diversion targets (in this case, AB 939 mandates).

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One minor point we would also like to comment on however involves the Local and Municipal Regulations and Ordinances section (3.4.2.1), that provides an exception for food streams under the Regulatory Test when such waste streams are mandated for diversion. In our opinion, CAR correctly chose to allow these feedstocks to be eligible, even if local or jurisdictional mandates require diversion. CAR's rationale that potential projects might not get started without these diversion mandates in place (i.e. a project developer is assured of a consistent and steady foodwaste stream for his digester) is a sound one. However, the requirement that such a project be operational no more than 12 months after a local or jurisdictional food diversion mandate is passed is counterproductive. Our experience with digester projects suggests that the startup time for such digesters will generally exceed 12 months.



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Moreover, a project developer will most likely not commit to a project until after such mandates are in place. To expect that a developer will commit to, plan, construct and operate a project within that twelve month window is unrealistic and negates the effectiveness of the protocol's own exception to the Regulatory test in this case.

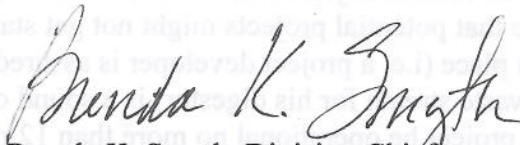
We would ask that you consider a 24 or 36 month window for a project to be operational after food diversion mandates go into effect. This would effectively give project developers a realistic time frame for project development, incentivize jurisdictions to pass food diversion mandates in the hope of attracting digester projects to their areas, while simultaneously helping CIWMB's and CAR's twin policy goals of organic waste diversion from landfills and GHG reductions.

In the same vein, we would also like to see some language in this section that allows flexibility in the event that a local mandate is changed (i.e. expanded to divert additional feedstocks) in order to provide feedstock for additional or expanded OWD projects. In these instances, the protocol should treat a modified mandate as a new mandate which would reset the "clock" on which projects would be allowed under the Regulatory Test. This would enhance the protocol's relevance as local markets and technologies evolve.

On a final note, on the issue of project financing, CIWMB staff favors the concept of upfront crediting as it will make financing of projects easier to secure due to faster payback periods. We agree with CAR that such a crediting framework will make it easier for financing institutions to extend credit and will incentivize more project developers to come into the market.

Please feel free to contact us if you have any additional questions, etc. In the interim, we look forward to working with CAR on finalizing the OWD protocol and other future work on protocol development.

Sincerely,



Brenda K. Smyth, Division Chief
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cc: Fernando Berton, CIWMB
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