CALIFORNIANS AGAINST WASTE

June 13, 2007

Winston Hickox, Chair
Cal/EPA Market Advisory Committee
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Market Advisory Committee Draft Recommendations on Carbon Cap-and-Trade

Dear Chair Hickox:
We appreciate the efforts your committee has made to make recommendations on very complicated and contentious topics within an expedited time frame. We would like to point out two particular issues of importance regarding the implementation of offsets within the cap-and-trade program. We have concerns regarding the handling of entities emitting biological emissions and the failure of the report to recommend a strategy to provide offsets for recycling.

Excluding Biological Emissions from the Cap but Allowing Offsets for Landfill Gas Capture Will Have Unintended Consequences
The draft report suggests that due to the difficulties in monitoring biological emissions, such as fugitive landfill gas emissions, all emissions from these sources should be excluded from the market cap. However, despite fugitive landfill methane not being included under the proposed cap, the report recommends landfill gas capture projects still be eligible for carbon offsets. Since this would result in a strong financial incentive for landfilling organic materials, offsets from landfill gas capture should not be allowed unless the ARB determines that this would result in actual, additional, and verifiable greenhouse gas reductions.

For every additional ton of organics disposed, some portion of the resultant methane will be recovered in a landfill gas capture system, and some portion will be emitted to the atmosphere as fugitive landfill gas emissions. Under the proposed scenario, landfill operators would be able to reap the benefits of an offset program from landfill gas capture but experience no negative consequences from the increase in fugitive emissions from the additional disposed organics. This could lead to a net increase in GHG emissions in two ways. First, this could result in a direct net increase in GHG from fugitive emissions because landfill gas systems fail to capture some of the additional methane generated by the additional disposal of organics. The IPCC, for instance, estimates that lifetime landfill gas capture efficiencies can be as low as 20% for some landfills.

Secondly, to the extent that an increase in profitability in landfilling organics would lower the disposal fee landfill operators charge to accept these materials, organic materials would be diverted away from compost facilities that cannot compete with the lower disposal fees. Composting is a significant greenhouse gas emission mitigation measure and offers a net decrease in GHG emissions over any other disposal method. The application of compost results in greater carbon sequestration in soil and crop biomass, a decrease in the need for GHG-releasing fertilizers and pesticides, and a reduction in energy-intensive irrigation. Therefore, a decrease in composting and compost utilization in California would have significant climate forcing impacts.

Furthermore, most landfills are already required to capture and destroy their fugitive emissions under the New Source Performance Standards. Giving offset credits for these systems would violate the additionally requirements of a comprehensive market trading system. Companies should not be able to sell credits for something that they are legally required to do because it would not result in any further greenhouse gas reductions.

Offsets for Recycling Should Be Included in the Cap and Trade Program
Ton for ton, recycling reduces more pollution, saves more energy and reduces GHG emissions more than any other solid waste management option. Recycling reduces GHG emissions in two important ways. First, recycling keeps materials out of the landfill, thus avoiding methane emissions. Secondly, recycling reduces emissions associated with the mining, processing, and transportation of virgin resources. We are concerned that the MAC report failed to include a recommendation for providing offsets for recycling.

A modest 25% reduction in disposal of materials commonly collected in curbside programs could deliver a reduction of 5 $MMTCO_2E$, an amount equal to over half the GHG emissions from the solid waste sector. Recycling is a proven and widely accepted program, with a well-established infrastructure that could serve as a cost-effective AB 32 compliance strategy if strong market incentives existed. We urge the MAC to establish a framework for incorporating these greenhouse gas reductions as offsets in a cap-and-trade system.

It is critical that implementation of AB 32 augments existing state efforts to protect the environment. To that extent, we urge you to reconsider the landfill gas offset recommendation, as it directly conflicts with existing state waste reduction and recycling programs and policies. Furthermore, adding an offset program for recycling is not only consistent with these policies but will result in a net decrease of GHG emissions and provide an overall environmental benefit to California. We look forward to working with the members of your committee to address our concerns and implement a successful greenhouse gas reduction policy.

Sincerely,

Scott Smithline
Director of Legal and Regulatory Affairs

cc: Lawrence H. Goulder, Vice Chair, Cal/EPA Market Advisory Committee
Linda Adams, Secretary for Environmental Protection
Eileen Tutt, Deputy Secretary, Cal/EPA
Dr. Robert Sawyer, Chair, ARB
Margo Brown, Chair, CIWMB
Catherine Witherspoon, Executive Officer, ARB