



Senate Bill 1383 Formal Rulemaking and Standardized Regulatory Impact Assessment

January 17, 2019

Informal Regulatory Process

- **February – September 2017:**
Informal Stakeholder Workshops
- **October 2017:**
First Draft of Informal Regulations
- **May 2018:**
Second Draft of Informal Regulations



Formal Regulatory Process

- **December 2018:** Formal rulemaking process approved
- Request for approval includes:
 - Proposed Organic Waste Reduction Regulations
 - Standardized Regulatory Impact Assessment (SRIA)
 - Economic Benefits
 - Notice of Preparation (NOP) of Environmental Impact Report (EIR)
- **January 2019:** Formal 45-day comment period begins (expected)
- **March 2019:** 15-day comment period begins for second formal draft (expected)



Proposed Organic Waste Reduction Regulations

SB 1383 Regulations

- CalRecycle is tasked to develop and adopt regulations which would achieve the following organic waste reduction targets:
 - By **2020** - **50% reduction in statewide disposal of organic waste**
 - By **2025** - **75% reduction in statewide disposal of organic waste**
 - By **2025** - Not less than **20% of edible food** that is currently disposed of is **recovered** for human consumption.
- **January 1, 2022** - Regulations take effect and become enforceable.



Activities Constituting Reduction in Landfill Disposal

- Reductions in landfill disposal
 - Recycling
 - Composting
 - Anaerobic digestion
 - Biomass conversion
 - Soil amendments
 - Land application
 - Animal feed
 - Other technologies reducing short-lived climate pollutants



Formal Regulations

- Revised list of disposal activities to exclude use of MRF fines as cover material
- Clarified that recovery activities include use of organic waste for revegetation or slope stabilization
- Clarified requirements for new technologies to qualify as recovery activities

Organic Waste Collection

- Jurisdictions are required to provide mandatory organic waste collection services
- Jurisdictions are allowed to provide exemptions/ waivers for:
 - Businesses/residences with low organics generation or lack of space for organics containers
 - Rural or low population jurisdictions
 - Certain emergency circumstances



Formal Regulations

- Revised requirements for container colors and labels
- Removed restrictions on collecting plastic-coated paper & textiles in blue container
- Added waivers to exempt disaster debris or sediment from landfill disposal reduction requirements

Edible food recovery



- Jurisdictions are required to implement an edible food recovery program for certain commercial edible food generations

Formal Regulations

- Clarified that a large venue or event operator that allows food to be provided shall require the operating food facilities to arrange for edible food recovery

Infrastructure Capacity Planning

- Counties, in coordination with cities and regional agencies, shall estimate the amount of verifiably available organic waste capacity and the amount of new or expanded capacity that is needed

Formal Regulations

- Clarified the role of cities and counties in capacity planning and timelines for reporting



Procurement

- Local jurisdictions are required to procure renewable transportation fuel and/or compost created from recovered organic waste

Formal Regulations

- Replaced jurisdiction employee-based procurement targets with procurement targets linked to a jurisdiction's population
- Clarified that jurisdictions must demonstrate that transportation fuel procured from a "Publicly Owned Treatment Works" (POTW) is derived from landfill-diverted organic waste



Enforcement

- Local jurisdictions are required to develop inspection and enforcement programs for regulated entities, including performing route reviews
- Failure by a jurisdiction to comply with the regulations may result in potential fines up to \$10,000 per day.

Formal Regulations

- Reduced total penalty amounts jurisdictions are required to levy against non-compliant entities



Organic Waste Recycling Facilities

- “Landfill disposal reduction” facilities:
 - Source-separated organics (SSO)
 - Meet incompatible material limit
 - Mixed waste processing
 - Comply with the requirements of a “high-diversion” organic waste processing facility



Formal Regulations

- Defined “remnant organic” waste as organic waste recovered from gray containers
- Clarified that remnant organic waste is not subject to the “high diversion” standards or the incompatible material limit
- Clarified that remnant organic material may be added to the SSO stream after the SSO stream has been measured



Standardized Regulatory Impact Assessment (SRIA)

Standardized Regulatory Impact Assessment (SRIA)

- Considers and explains the statewide costs, impacts, and benefits of the regulations
- This is the final version and CalRecycle is not accepting comments



Baseline Scenario

- Assumes the state maintains the **current level of organic waste disposal reduction** which is **30%** in the year **2020**
- Assumes the state reaches **75% organic waste disposal reduction by 2025**
- Economic impacts were analyzed from **2019 to 2030**



Overall Costs and Revenues

- The estimated **total statewide cost** of implementing the regulations is **\$20.9 billion** from 2019-2030

- Infrastructure
- Education
- Reporting
- Procurement
- Collection & processing
- Capacity planning
- Enforcement & monitoring

- The **estimated benefit** is **\$17 billion** from 2019-2030
 - Avoided disposal costs
 - Revenue from RNG, renewable electricity, and compost

- The average **net cost per year** to implement the SB 1383 regulations is **\$330 million**



Costs for Local Jurisdictions

- Statewide costs for local jurisdictions are estimated to be **\$400 million in 2022**, tapering down to **\$96 million by 2025** and each year thereafter
 - Capacity planning
 - Enforcement & Monitoring
 - Reporting
 - Procurement
 - Education & Outreach
 - Adjustment of franchise agmts
 - Edible food recovery
- Jurisdictions are almost certain to incur additional costs before 2022
- Large counties will likely have higher costs



Costs for Customers

- The average annual cost per **business** is estimated to be **\$662/year**
- The average annual cost per **household** is estimated to be **\$17/year**



Infrastructure

EXISTING FACILITIES

30% diversion (current)

- 41 compost facilities
- 25 AD facilities
- 100,000 tpy each

NEW FACILITIES

75% diversion (by 2025)

- 60 compost facilities
- 26 AD facilities
- 100,000 tpy each

Total capital cost for new facilities

Compost = \$807 million

AD = \$1.2 billion



Sensitivity Analysis

- Modeled **50% organic waste disposal reduction by 2020**
- Lower capital infrastructure costs
 - Compost = \$451 million
 - AD = \$499 million
- All other costs would remain the same



Alternatives Analysis

- **Alternative Scenario 1 – Eliminates mandatory local jurisdiction enforcement**
 - Local jurisdictions could choose to enforce regulations (similar to AB 1826)
 - CalRecycle would provide limited enforcement through inspections and audits.
 - **35% organic waste disposal reduction by 2025**
 - Lower overall costs due to lower enforcement and infrastructure costs



Alternatives Analysis

- **Alternative Scenario 2 – Eliminates exemptions/waivers from organic waste collection requirements**
 - **80% organic waste disposal reduction by 2025**
 - Higher overall costs for additional infrastructure expansion
 - Greater methane emissions reductions
 - Not cost effective and unenforceable at the state level





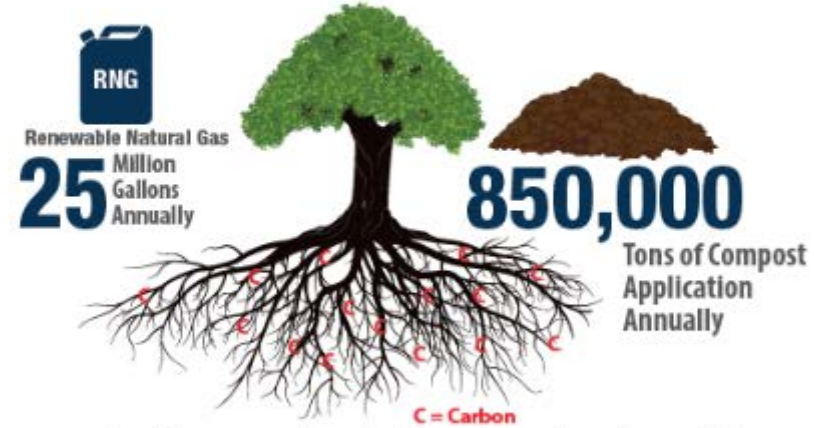
Economic Benefits

Statewide Benefits of California's Organic Waste Reduction Strategy

75% Organic Waste Recycling by 2025



Soil Health and Renewable Fuels



Local procurement required through organic waste regulations

Reduce GHG Emissions per Year



Value of Avoided Health Impacts



Value of Avoided Damages Using Social Cost of Carbon



CalRecycle, in consultation with the California Air Resources Board, estimates the organic waste reduction regulations will reduce 47-57 million metric tons CO₂ equivalents (MMTCO₂e) from the waste sector by the year 2030. These reductions will be achieved for an approximate cost of \$70 to \$90 per/MTCO₂e, which aligns with the costs of other GHG reduction measures identified in the Scoping Plan.





Notice of Preparation (NOP) of Environmental Impact Report (EIR)

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- Preliminary project description
- List of environmental issues the EIR will address
- Task Force submitted comments on January 8, 2019
- Public Scoping Meeting – January 22, 2019
 - Discuss public stakeholder comments





Questions?