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October 7, 2010

Ms. Koshoua C.X. Thao  
Senior Air Quality Specialist  
San Joaquin Valley APCD  
1990 E. Gettysburg Avenue  
Fresno, CA 93726-0244

### **RE: SJVAPCD – Proposed Rule 4566 – Composting & Related Operations - Comments**

Dear Ms. Thao:

The Association of Compost Producers (ACP) is pleased to make comments on the current proposed draft of Rule 4566.

ACP represents compost producers throughout the state. Our membership consists of large and small companies, special districts, municipalities and counties. We provide a large share of the quality compost products produced in California, and contribute an important and growing share of the beneficially used organic residuals. As you know, over the past two years, our Executive Director and selected ACP members have been following the research and development of rule 4566.

ACP staff has reviewed the six (6) documents, defining and supporting the **Proposed Rule 4566 – Composting & Related Operations**, that were distributed prior to the September 22<sup>nd</sup> workshop, titled:

- 1 R4566 Draft Rule.pdf
- 2 R4566 Draft Staff Report.pdf
- Appendix A-Comments.pdf
- Appendix B-ER Analysis.pdf
- Appendix C-Cost Analysis.pdf
- Compost EF Report.pdf

We have been following this process for a few years, and certainly do support the intent of the rule, to mitigate air pollution generated by compost facilities in the San Joaquin Valley airshed. However, we have not been in a position to separately validate the research, emission factor and cost analyses that are intended to support the rule. In fact, many of the conclusions of the analyses, especially the cost analysis, are *not consistent* with known operational parameters of compost facilities.

While we are not prepared in this letter to provide an exhaustive review of all the documents, we do highlight the most important elements of concern. Given these caveats, we make the following comments in the form of *questions, clarification requests and recommendations*:

1. All Compost VOCs Not Ozone Forming: What is the relationship between the emission factors (EF) of total VOC and ozone production? Has the recent data on only 2% of the VOCs being implicated in producing high amounts of ozone been taken into account in this rule?<sup>1</sup> There is no indication that it has been accounted for. This needs to be further clarified and documented.
2. Air Pollution Control Officer (APCO) Approval of New Methods: The process for other APCO approved methods is not stated or referenced. If it exists in other rules, or documents, this needs to be clearly referenced. If it doesn't exist elsewhere, it needs to be included in this rule.
3. Finished Compost Sourcing for Chip & Grind Facilities: Green material "chip & grind" operations, not co-located with a compost facility, will need to source finished compost to cover their piles under this rule. The cost of this practice was not in the analysis. This needs to be accounted for in a more robust and full life cycle "cost analysis" along with other shortcomings of the cost analysis.
4. Cost Analysis has Serious Oversights: While the "relative" and "absolute" cost analysis may appear reasonable on first glance, upon deeper reflection and analysis, and comparison with actual industry experience, we believe that the results lead to a set of flawed conclusions about the projected "cost" of this proposed rule. Some of these oversights include:
  - a. Very Limited Scope of Analysis: Costs only pertain to compost pile management (it does *not* include other important cost changes including, but not limited to, additional property costs, loss of sales volume, pile shrinkage efficacy of various feedstock materials, exceeding permitted throughput volumes, competitive market disadvantages, loss of business, capital availability and costs, etc.). Therefore this was not a "true cost" or "full cost" analysis.
  - b. Higher Cost Results: Accounting for these, and other, significant costs, through a broader scope (full cost analysis) yielded, for many of composters we interviewed, "true costs" that exceeded the cost estimates of \$1.50 to \$5 /wet ton of compost produced. We believe the cost ranges *exceed twice those amounts*.
5. Deeper Cost Analysis Recommendation: Therefore, we strongly recommend that the SJVAPCD hold at least one or two more workshops to receive detailed cost information from actual compost producers to develop "full cost accounting" for the proposed rule, - that includes *at least* the following costs:
  - a. Property expansion requirements
  - b. Loss of revenues from reduction in annual material sales volumes
  - c. Competitive disadvantages relative to material going to other processing methods (esp. landfilling and energy conversion)
  - d. Environmental and social cost impacts to composters (both to their business investments as well as the community infrastructure) of being regulated *out of business*, or becoming non-competitive

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<sup>1</sup> See "Compost Volatile Organic Compounds and Ozone Formation", Peter Green, UC Davis, 2010, PORS.

6. Additional Recommendations: We make the following additional recommendations, above and beyond the above:
- a. Extension of the pile watering option to larger operations (>25,000 ton/year).
  - b. Create an updatable database, and continue to support research, of other VOC mitigation technology options that composters can test and use at their operations. Make these explicitly part of the APCO approval process above. For example, we are aware of the use of bio-organic catalysts on compost in both the U.S. and Europe that are lowering odors (H<sub>2</sub>S, and odorous VOCs) very significantly, along with other VOC species (see: <http://www.bio-organic.com/applications.htm>), that could be much more cost effective than the currently proposed options.

We respectfully submit that PR 4566, in its present form, is seriously flawed, and will, if implemented, cost the industry much more than the benefits intended to be derived from its promulgation. We stand ready to continue working with the Valley Air District to both achieve the required air quality goals in the Valley, as well as maintain, and grow, a robust and sustainable compost industry.

Very truly yours,



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