May 20, 2025

The Honorable Jacqui Irwin
California State Assembly
Sacramento, CA 95814

Re: Ratepayer, Jobs and Other Benefits of Organic Waste Diversion

Dear Assemblymember Irwin:

We are writing to urge the Legislature to allocate significant funding from the Greenhouse Gas Reduction Fund (GGRF) to capital and infrastructure projects that convert organic landfill waste to beneficial products such as bioenergy, hydrogen, compost, and biochar. Diverted organic waste projects will help local governments to meet the landfill diversion requirements of SB 1383 while also building a circular bioeconomy. Doing so will benefit ratepayers across multiple sectors, including energy, water, wastewater and garbage, and will provide broader jobs and economic benefits.

Several state laws require the reduction of landfill waste, diversion of organic waste, and procurement of bioenergy from diverted organic waste. SB 1383 (Lara, 2016) requires cities and counties to divert 75 percent of all organic landfill waste by the end of 2025. In 2018, CalRecycle estimated implementation of SB 1383 could cost as much as $20.9 billion, and this was long before inflation caused prices of all infrastructure projects to increase dramatically. In addition, SB 1122 (Rubio, 2012) – now known as the BioMAT program - requires utilities to procure 110 megawatts of renewable power

generated from that diverted organic waste or wastewater biogas. Without state support, these costs will be borne by ratepayers and local governments.

According to both the Legislative Analyst's Office and the California Air Resources Board, investments in diverted organic waste infrastructure projects are the most cost-effective of all the state's climate investments.[1] In addition, allocating GGRF funding to circular bioeconomy projects provides direct ratepayer benefits across multiple sectors:

- **Waste/Recycling Ratepayers**. GGRF funding for waste diversion projects would help reduce the costs of implementing SB 1383 which will largely be reflected in garbage rates. By helping to offset the costs of organic waste diversion, GGRF funding would reduce the costs of SB 1383 implementation on garbage customers.
- **Wastewater Ratepayers**. The State Water Board has found that California's wastewater treatment plants could provide the most cost-effective way to convert food waste to energy and compost since they have existing digester capacity onsite, but wastewater plants need funding to do so. Providing GGRF funding to wastewater treatment plants would incentivize the most cost-effective means of complying with SB 1383 and provide affordable onsite power for wastewater facilities, saving wastewater customers money. Funding for conversion of biosolids to energy would also reduce the costs and impacts of biosolids transport and land application, further saving ratepayers money.
- **Electricity Ratepayers**. Funding for BioMAT projects that use diverted organic waste will save electricity ratepayers money by reducing the costs to comply with SB 1122 and by providing firm, renewable power that increases energy reliability.
- **Gas Ratepayers**. Funding for projects that convert diverted organic waste to pipeline biomethane will save gas utility customers money by helping to defray the costs of meeting the CPUC's pipeline biomethane procurement requirements.
- **Water Ratepayers**. Several water agencies are helping to fund projects that convert waste biomass to energy to ensure more reliable energy supplies that are critical to keep the power on during wildfires or other grid disruptions. Biomass to energy projects also produce biochar that can be used for water filtration and purification. Both the energy benefits and the biochar production will save water users money.

In addition to these direct ratepayer benefits, GGRF investments in organic waste diversion infrastructure would provide other economic benefits including the creation of jobs and economic development. According to recent reports by the Clean Air Task

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[1] Legislative Analyst's Office, *Administration's Cap-and-Trade Report Provides New Information, Raises Issues for Consideration,* submitted to Assembly Budget Subcommittee 3, April 2016; California Air Resources Board, *California Climate Investments 2022 Mid-Year Data Update,* September 2022.

Force, investments in bioenergy and hydrogen provide more jobs and a higher proportion of permanent and high paying jobs than other clean energy sectors.[2] The Governor's *California Jobs First* plan also recognizes these benefits and calls directly for more investments in the circular bioeconomy.

For all these reasons, we urge the Legislature to allocate at least $200 million annually to CalRecycle for circular economy projects that convert organic landfill waste to beneficial products like bioenergy, hydrogen, biochar and compost.

Sincerely,

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[2] Clean Air Task Force: *An Exploration of Options and Opportunities for the San Joaquin Valley Clean Energy Future,* issued in November 2024; Kalra, et al, *Informing Clean Energy Planning in California's San Joaquin Valley*, November 2024.