



Organic Waste Procurement Compliance for SB 1383



SB 1383 Organic Waste Products Procurement Requ



Beginning January 1, 2022, SB 1383 requires cities and counties to procure annually a quantity of organic waste products to meet their annual procurement target

- Jurisdictions are required to procure 30% of their organic waste targets in 2023
- 65% of their organic waste targets in 2024
- 100% of their organic waste targets in 2025 and thereafter

There are 4 types of organic waste products that comply with SB 1383:

- Compost
- Mulch
- Renewable energy from anaerobic digestion
- **Electricity produced from biomass compliant feedstock**



Procurement of Biomass Attributes (Greenleaf Model)



- Greenleaf is collecting SB 1383 biomass eligible material from local transfer stations and offering to sell the eligible “attributes” to local jurisdictions to comply with their procurement requirements
- Greenleaf believes it can sell approximately 200,000 tons of SB 1383 compliant biomass material annually
- Greenleaf is selling 1 ton of SB 1383 compliant biomass that will be burned for the purposes of producing biomass energy for approximately \$32.50 (the equivalent of 650 kwh of biomass energy)



Proposal for Pioneer's Assistance



Representative Role

- Pioneer facilitated and negotiated on behalf of its participating members and also answered questions for each member agency throughout their approval process. Benefits include:
 - Better bargaining strength representing multiple jurisdictions and quite possibly better terms than jurisdictions on their own
 - Save member agencies significant staff time by negotiating the draft agreement on behalf of multiple parties
 - The terms and conditions of the final agreement are up to the individual jurisdiction's counsel to negotiate and approve
 - This approach allowed Pioneer to assist its members without any liability for compliance
 - Compliance would be largely handled by Greenleaf with the exception of reporting that requires direct input from the jurisdictions, wherein Greenleaf would provide that data to submit

2023 Estimated Targets and Costs

	2022 Energy		Max. Tons	2023 Target		Cost
	Usage kwh	kwh Per Ton	Procurable*	in Tons	Price Per Ton	2023
Placerville	2,612,315	650	4,019	261	\$ 32.50	\$8,483
E.D. County	4,281,309	650	6,587	3,866	\$ 32.50	\$125,645
Auburn (w/o OMI)	1,214,993	650	1,869	347	\$ 32.50	\$11,278
Auburn (with OMI)	2,198,649	650	3,383	347	\$ 32.50	\$11,278
Colfax	876,129	650	1,348	52	\$ 32.50	\$1,690
Lincoln	3,821,239	650	5,879	1,191	\$ 32.50	\$38,708
Loomis	218,204	650	336	164	\$ 32.50	\$5,330
Grass Valley	Unknown	650	Unknown	306	\$ 32.50	\$9,945
Nevada City	Unknown	650	Unknown	74	\$ 32.50	\$2,405
						\$347,828

*The maximum tons procurable through biomass attributes is calculated by taking the energy usage in kwh of the municipality divided by 650kwh (the CalRecycle equivalent of 1 ton of biomass attribute)

2024 Estimated Targets and Costs

	2022 Energy		Max. Tons	2024 Target		Cost	Unmet Target
	Usage kwh	kwh Per Ton	Procurable	in Tons	Price Per Ton	2024	in Tons
Placerville	2,612,315	650	4,019	566	\$ 32.50	\$18,400	
E.D. County *	4,281,309	650	6,587	8,376	\$ 32.50	\$214,065	1,789
Auburn (w/o OMI)	1,214,993	650	1,869	751	\$ 32.50	\$24,399	
Auburn (with OMI)	2,198,649	650	3,383	751	\$ 32.50	\$24,399	
Colfax	876,129	650	1,348	113	\$ 32.50	\$3,676	
Lincoln	3,821,239	650	5,879	2,581	\$ 32.50	\$83,883	
Loomis *	218,204	650	336	354	\$ 32.50	\$10,910	18
Grass Valley	Unknown	650	Unknown	664	\$ 32.50	\$21,580	
Nevada City	Unknown	650	Unknown	159	\$ 32.50	\$5,168	
						\$694,879	

*Any targets that exceed the Max Tons Procurable must be met through purchase of either compost or mulch

2025 Onward Estimated Targets and Costs

	2022 Energy		Max. Tons	2025 Target		Cost	Unmet Target
	Usage kwh	kwh Per Ton	Procurable	in Tons	Price Per Ton	2025	in Tons
Placerville	2,612,315	650	4,019	871	\$ 32.50	\$28,308	
E.D. County *	4,281,309	650	6,587	12,886	\$ 32.50	\$214,065	6,299
Auburn (w/o OMI)	1,214,993	650	1,869	1,155	\$ 32.50	\$37,538	
Auburn (with OMI)	2,198,649	650	3,383	1,155	\$ 32.50	\$37,538	
Colfax	876,129	650	1,348	174	\$ 32.50	\$5,655	
Lincoln	3,821,239	650	5,879	3,970	\$ 32.50	\$129,025	
Loomis *	218,204	650	336	545	\$ 32.50	\$10,910	209
Grass Valley	Unknown	650	Unknown	1,021	\$ 32.50	\$33,183	
Nevada City	Unknown	650	Unknown	246	\$ 32.50	\$7,995	
						\$947,906	

*Any targets that exceed the Max Tons Procurable must be met through purchase of either compost or mulch

Cost Comparison



Purchase Biomass Attributes

- Greenleaf Power is offering SB 1383 compliant biomass attributes for \$32.50 per ton
- El Dorado County's estimated 2023 target is 3,866 tons
- Total estimated cost for El Dorado County is **\$125,645**
- Pioneer would charge an administrative fee to recover out of pocket attorney's costs related to negotiating the contract (\$10,000). This cost will be divided equally amongst participating jurisdictions.

Purchase Compost

- Western Placer Waste Management Authority in Lincoln quoted \$21/ton for SB 1383 compliant compost (If El Dorado County is a member agency, then they may be eligible for a discount)
 - Multiplied by El Dorado County's estimated 2023 target of 2,320 (60% of target for compost) tons equals a cost of \$48,720
- JT Trucking quoted \$300/trip with a 24-ton truck for 12 miles (the distance between Western Placer Waste Management facilities and El Dorado County is 38 miles so the cost may be more)
 - It would take 162 trips to haul 3,866 tons at \$300 a trip for a total of \$48,600
 - Total estimated cost for El Dorado County is **\$97,320**
- El Dorado County would also need to figure out what to do with 2,320 tons of compost

*Jurisdictions will need to do their due diligence to see if there is lower cost alternative.

What Does 50 Tons of Compost Look Like?



Considerations

- The price of compost and mulch vary wildly, and Greenleaf acknowledges that their product is not for everyone
- Prices range from 25% cheaper to 4 times more expensive for mulch and compost depending upon proximity to product, the hauler, and operational costs
- Beginning January 1, 2027, jurisdictions' procurement targets will be recalculated to reflect population changes
- If jurisdictions have SB 1383 local assistance grant money, they should contact their grant manager regarding using the funds to pay for the organic waste procurement
- **EACH JURISDICTION SHOULD CONDUCT THEIR OWN FISCAL ANALYSIS AND DETERMINE THE BEST OPTION FOR COMPLIANCE BEFORE SIGNING CONTRACT**

Notice of Violation



- Pioneer first learned of a possible Notice of Violation (NOV) from the Environmental Protection Agency (EPA) on May 10
- Pioneer contacted Greenleaf, CalRecycle, and our Board members
- The NOV is for alleged violations for hourly exceedances and stack tests during a period covering 2016-2021
- Greenleaf believes strongly that the ongoing discussions with the EPA will significantly reduce or eliminate the alleged exceedances
- CalRecycle will conduct compliance evaluation of jurisdictions which will require written certification from the biomass conversion facility certifying the feedstock came from eligible and permitted facilities, documentation that there are no duplicate sales, and the quantity procured does not exceed the amount used for municipal operations
- CalRecycle does not have regulatory oversight on the biomass plant regarding this type of NOV and the NOV, even if it results in a fine, will not impact this solution of applying the attributes for compliance
- With this information, staff resumed talks with Greenleaf to amend the contract to extend the original June 30th deadline until July 31, 2023, and include notification requirements and remedies regarding the outcome of the pending NOV and all other related violations.

Negotiated Provisions in the Contract



- The contract delivery term is up to you, but Greenleaf expects a minimum of 3 years, and prefers 5 years (through 2027)
- Whatever term you choose, you will have the option to terminate the contract with 60 days notice in the event there is any change in law making the agreement impossible or impracticable
- Pricing is improved as more Pioneer members join – there are 3 tiers of volumetric pricing listed in Schedule 1, and the cutoff date for calculating enlisted volumes (using total 2025 volumes)
- The attorney’s fees for assistance in negotiating this contract (\$10,000) will be shared equally amongst all participants
- It is up to each jurisdiction to negotiate any final provisions in the contract
- Jurisdictions will need to enter into a contract with Greenleaf by July 31, 2023 to secure attributes and pricing