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Julia MacAllister
Office of Transportation and Air Quality
Assessment and Standards Division
U.S. Environmental Protection Agency
2000 Traverwood Drive
Ann Arbor, MI 48105
Via www.regulations.gov

**Re: Docket No. EPA-HQ-OAR-2018-0167, Renewable Fuel Standard Program:
Standards for 2019 and Biomass-Based Diesel Volume for 2020**

Dear Ms. MacAllister:

The National Association of Clean Water Agencies (NACWA) appreciates the opportunity to comment on the proposed 2019 standards for the Renewable Fuel Standard (RFS) Program (83 FR 32024; July 10, 2018). NACWA represents the interests of over 300 public clean water agencies nationwide, serving the majority of the sewered population in the U.S. Protecting public health and the environment through appropriate management of wastewater – and the sludges, biosolids, and biogas produced from treating it – has traditionally been the primary function of publicly owned treatment works (POTWs). However, POTWs are now evolving into resource recovery facilities that reuse water, extract nutrients, and produce energy.

The potential to generate Renewable Identification Numbers (RINs) through the RFS program is an important consideration for POTWs that produce energy from the anaerobic digestion of biosolids. Biosolids are an organic byproduct of the wastewater treatment process, and anaerobic digestion of biosolids is the most commonly used technology to produce energy at POTWs. Over 1,400 POTWs use anaerobic digesters to process their biosolids, generating biogas that consists primarily of methane (60-65%) and carbon dioxide (30-40%). POTWs can increase the amount of biogas produced through co-digestion of food wastes. Over 800 POTWs currently use this biogas for energy, and many of these utilities are not able to use all the biogas that is produced. Excess biogas is commonly flared.

Production of renewable compressed natural gas (CNG) is a potential use of excess biogas that some POTWs have already invested in, and more POTWs are now considering this option. The revenue potential of RINs – particularly Cellulosic Biofuel (D3) RINs – can be the deciding factor for whether or not an investment in production of CNG from biogas is economically feasible. The upfront capital cost for CNG production is often difficult to obtain through traditional project financing, and it can be difficult for a POTW to justify given the payback time

of the project. POTWs also face limitations on the use of tax-exempt bonds for energy projects. The availability of consistent revenue from D3 RINs can allow more POTWs to invest in CNG production to recover energy from their continuous, renewable supplies of municipal wastewater.

NACWA appreciates EPA's timely publication of the proposed renewable fuel targets, which helps maintain RIN price stability and provides the consistent revenue needed by POTWs producing D3 RINs. The Association asks that EPA explore additional ways to provide market stability, including through its projected growth in RINs. NACWA supports EPA's estimate of over 30 percent growth in the number of cellulosic RINs, resulting in a projection of 358 million gallons of fuel derived from biogas in 2019. However, this value may track too closely with actual production, leaving little room for growth without the threat of sudden drops in RIN values. For example, the new regulations related to California's Low Carbon Fuel Standard program and the subsequent increased development of biogas production facilities in the state may result in significantly higher volumes of cellulosic RINs being added to the market in a short time.

NACWA supports the additional recommendations submitted by the American Biogas Council to help ensure market stability and encourage investments by POTWs and other producers of renewable fuel. POTWs generally need many years to complete project planning, design, construction, and startup operations to produce renewable fuel. Certainty about the level of RIN revenue available at the time of project completion is a major factor used to determine if these projects will move forward and help meet the RFS program goals.

Thank you for your consideration of these comments. Please contact me at 202-533-1836 or cfinley@nacwa.org if you have any questions.

Sincerely,



Cynthia A. Finley, Ph.D.
Director, Regulatory Affairs