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August 31, 2017

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-2017-0091, Renewable Fuel Standard Program:
Standards for 2018 and Biomass-Based Diesel Volume for 2019**

Dear Ms. MacAllister:

The National Association of Clean Water Agencies (NACWA) appreciates the opportunity to comment on the proposed 2018 standards for the Renewable Fuel Standard (RFS) Program (82 FR 34206; July 21, 2017). NACWA represents the interests of nearly 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 of 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. 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.

Because of the incentives provided by the RFS program and the potential for many more POTWs to take advantage of these incentives, NACWA asks that EPA provide market stability to encourage POTW investment in CNG production and increase its cellulosic and advanced biofuel volume targets for 2018. Since EPA's determination that wastewater derived biofuels qualified for D3 RINs occurred in 2014, POTWs have had only three years to consider this in their project planning. Utilities generally need many years to complete project planning, design, construction, and startup operations to produce renewable fuel. POTWs can provide a significant portion of the RFS program requirements for cellulosic biofuel if given sufficient time to plan projects and certainty about the availability of RIN revenue. For example, the East Bay Municipal Utility District in California could produce 12 million ethanol-gallon equivalent (EGE) of CNG if the utility's infrastructure was upgraded for CNG production. This is five percent of the proposed 238 million EGE proposed volume requirement for cellulosic biofuel, from just one POTW.

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,

A handwritten signature in cursive script that reads "Cynthia A. Finley".

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