



100 Constitution Plaza, 6th Floor  
Hartford, CT 06103

Telephone: 860-757-7700 Fax: 860-727-4141

Testimony of the Connecticut Resources Recovery Authority

On Raised House Bill No. 6531

***AN ACT PRESERVING AND RETAINING THE ENVIRONMENTAL BENEFITS OF IN-STATE  
RESOURCES RECOVERY FACILITIES.***

To the Joint Committee on Energy and Technology

March 7, 2013

Senator Duff, Representative Reed and members of the Energy & Technology Committee:

The Connecticut Resources Recovery Authority appreciates your consideration of CRRA's testimony in support of Raised House Bill Number 6531, *An Act Preserving and Retaining the Environmental Benefits of In-State Resources Recovery Facilities*.

We at CRRA do a job that most of us would rather not think about but one that is vital to our environment and public health: making the trash go away and doing so with as little adverse environmental impact as possible. Today, thanks to the trash-to-energy system whose development CRRA fostered in the 1980s, Connecticut has the most environmentally-friendly waste-disposal system in the country – even ahead of states with “green” reputations like California, Vermont and Oregon. That's not just our opinion – that's the assessment of Dr. Nickolas J. Themelis, director of the Earth Engineering Center at Columbia University. A chart summarizing Dr. Themelis's assessment is attached to this written testimony.

Trash-to-energy is also responsible for many good-paying jobs across our state. According to a new report from Dr. Eileen Berenyi, an expert on environmental and public services, Connecticut's six trash-to-energy plants employ hundreds of people and create a significant total beneficial economic impact. Dr. Berenyi's report is on-line at <http://www.wte.org/userfiles/files/130201%20Berenyi%20CT%20WTE%20Economic%20Benefits.pdf>. She also has submitted written testimony in support of H.B. 6531.

State law and policy recognize the superiority of trash-to-energy. The solid-waste hierarchy, as cited by both Section 22a-228(b) of the Connecticut General Statutes and the state Solid Waste Management Plan, mandates a preference for using trash to generate electricity over burying it in landfills. Landfilling is what we in Connecticut did before trash-to-energy. According to the United States Environmental Protection Agency, our nation's trash-to-energy plants “produce 2,800 megawatts of electricity with less environmental impact than almost any other source of electricity.” So not only do we dispose of our waste in an environmentally friendly manner, we also generate energy in an environmentally friendly manner.

When it comes to trash, there are two shades of green – there's the green we associate with our environment, but there's also the color of money. And in these economic times, it's easy to prioritize the latter over the former. That's what makes H.B. 6531 so important. Our environmentally superior solid-waste system is facing a serious financial crisis.

Allow us to explain: the recent increases in the supply and production of natural gas have driven down natural-gas prices. Because natural gas is used to generate about half the electricity in New England, the price of electricity in our region tracks the price of natural gas. So when gas prices collapse, as they did in the second half of 2011, so did the price of wholesale unit-contingent electricity – including the power that CRRA’s and other trash-to-energy plants generate.

Fifty-one Connecticut cities and towns have contracts with CRRA to dispose of their trash at CRRA’s net cost of operation. Our economic formula is simple. CRRA does not make a profit, but must produce enough revenue to cover our costs. Our two primary revenue streams are wholesale power sales and trash disposal fees. The more we make from electricity, the less we have to charge our customers – those 51 cities and towns, the private haulers who service those towns and, ultimately, the residents of those towns, totaling almost a quarter of the state’s population. It’s simple arithmetic. But since natural-gas prices fell, taking power prices down with them, we’ve had to scramble to keep our disposal fees from shooting up. Thanks to our aggressive cost-cutting and other fiscal measures, we’ll be able to withstand the plunging power prices through the end of this fiscal year.

However, without additional revenue we cannot sustain our ability to provide this critical service and its environmental benefits much longer. That’s why we’re urging the passage of H.B. 6531. It would create a new class of renewable-energy credit – called Class IIA – that would be worth more than the Class II Renewable status currently assigned to trash-to-energy, but still less than Class I, which the state has reserved for wind, solar, run-of-river hydroelectric and a certain few other sources.

In 2012 the General Assembly considered but did not act upon a bill which would have added trash-to-energy to the list of Class I sources. H.B. 6531 has some substantial differences from last year’s bill, most notably a sunset provision. The renewable-energy credit created by H.B. 6531 expires January 1, 2019. Thus, the bill is intended to keep our trash-to-energy system functioning and economically viable while the state transitions to the advanced materials recovery system envisioned by the Governor’s Modernizing Recycling Working Group and, more recently, the Recycling Market Development Council. That system will reduce or eliminate the need for traditional waste disposal, but we must preserve our current system as a bridge to that future.

We respectfully suggest two refinements for which we will be happy to provide the committee with suggested language:

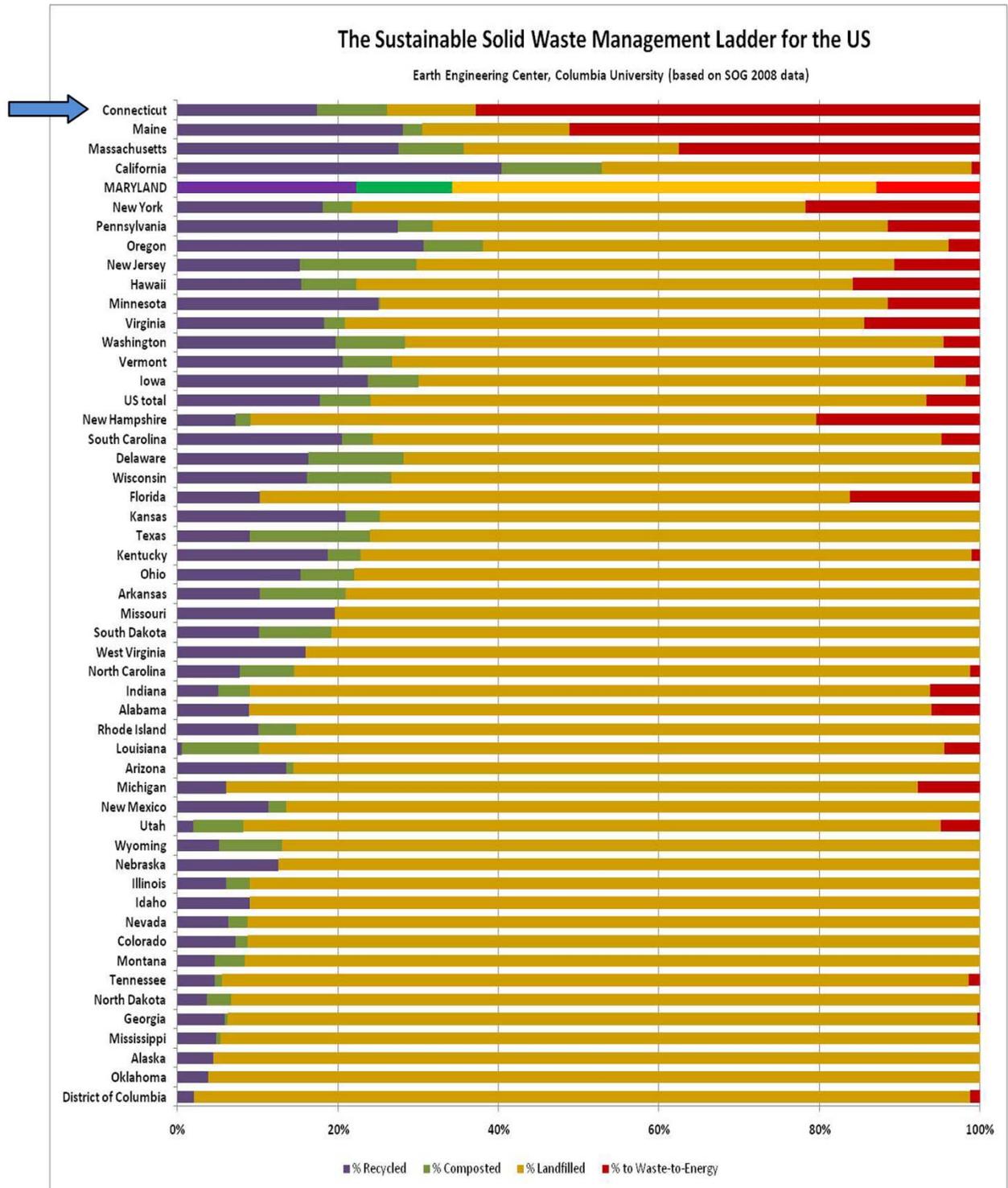
- The bill should only apply to plants in operation before July 1, 2003. This bill should not encourage the construction of new trash-to-energy plants in Connecticut, which we understand was a concern.
- The Class IIA renewable energy credit should only apply to plants whose original avoided-cost power-sales contracts have expired. With this refinement this legislation will neither unnecessarily enrich the owners of trash-to-energy plants who are still enjoying above-market prices for their electricity, nor will it unnecessarily burden Connecticut electricity customers.

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If H.B. 6531 passed and signed into law, our state's trash-to-energy system will continue its role in carrying out the state Solid Waste Management Plan and providing its substantial environmental benefits, keep good-paying jobs in our state and protect our municipalities and taxpayers from burdensome increases in the cost of trash disposal for which they are responsible.

H.B. 6531 is a measured, limited, precise solution to a significant problem. It will enable Connecticut to preserve and expand its national leadership in sustainability while growing its economy.

Thank you again for considering CRRA's testimony in support of H.B. 6531. We will be happy to provide you or members of your staff with any additional information you may need.



Sources: U.S. data are obtained from the 2008 survey of waste management in the U.S., conducted by EEC and BioCycle (BioCycle journal, October 2010). E.U. data from: [http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-CD-07-001/EN/KS-CD-07-001-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-CD-07-001/EN/KS-CD-07-001-EN.PDF); 2008 State of Garbage in America, BioCycle, Oct. 2010