GOVERNMENTAL ADVISORY ASSOCIATES, INC.

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March 6, 2013

The Honorable Robert Duff
The Honorable Lonnie Reed
Co-Chairs, Energy and Technology Committee
Room 3900, Legislative Office Building
Hartford CT 06106

Re: **Testimony in Support of HR 6531**

Dear Sirs and Distinguished Members of the Committee;

I am writing this letter in support of the bill HR 6531 AN ACT PRESERVING AND RETAINING THE ENVIRONMENTAL BENEFITS OF IN-STATE RESOURCES RECOVERY FACILITIES. My company Governmental Advisory Associates, Inc. publishes the **Municipal Waste to Energy Yearbook,** a periodic survey of waste to energy facilities in the United States. Our most recent Yearbook was published in 2012. We have conducting these studies of the waste to energy industry since the mid-1980s.

Connecticut is unique among all states, in that it has built a robust waste to energy infrastructure. It is converting a large percentage of the its waste into electricity, rather than burying the waste in in-state landfills or shipping it out of state to distant landfills. Additionally, the state is recycling an ever increasing percentage of its waste stream. Thus, Connecticut is one of a few states that are on the road to the enviable position of near zero landfilling. In addition, the waste to energy industry plays an important economic role in the state. A more detailed discussion of the economic impacts of waste to energy in Connecticut is attached and included as part of the testimony. Specifically waste to energy projects in Connecticut generate about 1.3 million megawatt hours of electricity, enough to service about 110,000 homes. In addition, more than 58,000 tons of metal are recycled at these plants. In total, they generate about $247,000,000 of revenue, employing about 400 people.

HR6531 would be of great assistance in preserving the financial viability of the waste to energy industry. Like other alternative fuel initiatives, the industry relies on a robust price for electricity it sells as well as an ability to build in long term energy price certainty. (In fact, the waste to energy industry was born out of the fuel shortages and oil embargoes of the late 1970s!) A waste to energy project has three major revenue streams: tip fees; energy sales, and sales of recycled materials. On average for the six waste to energy plants in Connecticut, tip fees make up 59% of the revenues, energy sales 38% and recycling sales, 3%. A decrease in energy revenues places great pressure on tip fees. However, rising waste disposal tip fees are unsustainable in the state. Connecticut's local governments and business sector cannot afford to pay higher fees for waste

disposal, given that the state is still confronting sluggish economic growth and local governments are operating under severe budget restraints.

Energy markets are global and volatile. Oil prices have been fluctuating and in the last few years, a glut in domestic natural gas has driven down natural gas prices and thus, the price for energy that may be pegged to the value of natural gas. Therefore, energy revenues of waste to energy plants are decreasing, which leaves the plants no other option than to raise tip fees. If plants are unable to raise tip fees, the entire viability of the waste to energy industry in Connecticut is at risk.

HR 6531 would seek to stabilize energy prices for electricity sold by waste to energy plants at an acceptable level, permitting utilities and waste to energy plants to enter into long term contracts for renewable energy certificate sales. It recognizes the waste to energy plants with no bonded indebtedness as Class IIA renewable sources of energy, able to sell renewable energy certificates to utilities and receive a floor price for such certificates. If passed, the bill would put waste to energy plants on a firm financial footing, allowing them to serve the residents of Connecticut into the future.

I fully support the bill.

Respectfully Submitted,

Eileen Berenyi, PhD
President
Governmental Advisory Associates, Inc.

Attachment