



**National
Waste & Recycling
AssociationSM**

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Connecticut Chapter

**Testimony
on
Governor's SB #27
before the
Environment Committee
of the
Connecticut Legislature**

**Friday, March 7, 2014
Hartford, CT**

Submitted by

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&

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Good day Committee Chairs, and other members of the Environment Committee.

I am Michael Paine, CT chapter chairman of the National Waste & Recycling Association. I am also President of Paine's Recycling and Rubbish Removal, a proud third generation, family owned and operated company in north central CT. We've been in business for the last 85 years.

Today I am here to voice our industry's opposition to several parts of SB #27. I will provide below specific comments regarding our opposition to those provisions and changes that are in this legislation.

First: There are simply too many unknowns in this overly complicated bill for your committee to report it out, in its entirety, favorably for further consideration by the full legislature. The only real pressing statewide solid waste question that exists today involves the economic sustainability of the mid-Conn waste-to-energy plant and the other w-t-e plants which operate in the state. These facilities combined, as you know, are the state's primary waste disposal resource. We believe the Governor, DEEP and other appropriate state officials should be primarily focused on how to keep the mid-Conn and other waste-to-energy burn plants operational by using tools that have as little intrusion into the daily activities of CT municipalities, businesses and institutions, as possible. Further, we think specific tools like Class 1 renewable energy credits; long term power purchase contracts; or, related kinds of targeted assistance to provide specific relief, when, and as needed by these facilities, are most appropriate to use. As a chapter and industry we welcome the state's use of such targeted and narrowly focused tools to keep these disposal resources available -- for as long as they are needed -- as we continue our efforts to divert more of the materials and discards we generate and throw away from disposal and into recycling and other reuse programs.

Second: This legislation seeks to morph the CRRA into an authority called the Material Innovation and Recycling Authority (MIRA). It alters the current statutory role of the CRRA and sets up MIRA to take over the mid-Conn waste-to-energy plant and other operations. MIRA will be under the direction and control of the Department of Energy and Environmental Protection (DEEP). Our observations and questions are: Why change CRRA so dramatically? Why not simply reform it; with more modest, incremental kinds of changes to streamline its role to comport with the new realities of the waste and recycling marketplace in CT and around the country?

We all know the history of the authority, and, we will go on the record and suggest lots of CT folks have had strained relations with it over the years from time to time. That said the authority does have a number of well-known and established checks and balances that the proposed MIRA organization is not going to have. This is very troubling to our industry. We believe making targeted, focused changes to modestly reform CRRA enabling statutes would be a better solution to address the state's concerns and needs than creating the MIRA organization called for in

SB#27. Such limited changes would also likely go a long way to help improve and resolve a number of the authority's more problematic operational issues and difficulties as well.

It is important to note here that in recent CT history there have been two major task forces set up to review and study CTs waste and recycling industries. Most recently, one was set up specifically to study the economic viability and future of the state's resource recovery facilities, which includes the mid-Conn waste-to-energy burn plant as well as the other such plants operating in CT today. Both task groups issued findings and reports and neither called for anything like the changes proposed in SB #27.

CRRA currently has an operating board with representation from a variety of different constituencies and groups, which we believe is a good thing. We also believe adding more private sector representation from both CT's general business and industry sectors, as well as from our CT waste and recycling industry, would be a good, sound move. In the new MIRA system, this kind of broad representation is lost and is not guaranteed. The authority to appoint the MIRA board in SB #27 is too concentrated when contrasted with how the current CRRA board is set.

And last, the new MIRA organization, in its charge to redevelop existing CRRA programs and to create new ones, is required to simply consult with the communities it is being set up to serve. SB #27 provides no guarantee for meaningful input from CTs waste and recycling industry as well. Instead, final decision making authority for MIRA programs and services rests solely with its Board and DEEP. This is another example of proposed change in SB #27 that we find very troubling.

Third: The current CRRA role in disposal and recycling has been hammered out over the years; and, public and private waste and recycling operators all have made corresponding adjustments to run their programs and companies as a result. CTs waste and recycling services marketplace has sort of made peace with how CRRA operates currently. As a trade association, all should know we do not believe in the use of flow control and unnecessary governmental involvement in our competitive and vibrant waste and recycling services marketplace. Choice and competition serve all customers best; use of governmental mandates and "command and control" centralized planning tools have had their day and failed. They have led to higher than necessary costs, loads of debt and too many underperforming environmental programs.

With that said, you should know, we in the industry have no problem with government writing the laws and issuing reasonable regulations and policies for all to follow. We do though generally have a problem when government choses to participate in the marketplace and becomes both our competitor and regulator. We also have problems when a governmentally sanctioned vendor is given license to operate in the marketplace, with special privileges that

other operators simply do not, nor cannot, enjoy. We believe the MIRA operator that is chosen to run its new facilities and programs will have these unacceptable advantages. MIRA operations will have these advantages; and, the municipalities and businesses that will be forced to use the services they provide will have to pay whatever the MIRA Board sets and the DEEP approves. This too is another example of how power is too concentrated in SB #27 and this troubles us.

Currently the legislature has granted limited power to the DEEP to permit waste and recycling facilities. Proponents, whether communities or private businesses, file papers, conduct necessary studies and go through reviews and then a permit is either awarded or denied by the department. SB #27 alters this process and in so doing creates an unacceptable conflict insofar as the MIRA organization and its operations are concerned. This legislation puts DEEP in the role of not only authorizing MIRA's plan and operators, but additionally puts DEEP in the position of approving or denying what MIRA and its operators will actually do. After this, DEEP also retains its charge to permit and regulate MIRA facilities and programs, like it does for all other facilities and programs. This is yet another example of how SB #27 will make an unacceptable change and will concentrate power; both of which are cause for great concern by our industry.

We believe this committee should use its position refocus attention here on the real problem at hand – finding a solution for the long term economic sustainability of the mid-Conn and other in-state waste-to-energy plants. And, to the extent concerns linger with the mission and operations of the CRRA, we suggest the legislature explore initiating modest incremental changes and reforms, and then hold the CRRA accountable and make the authority come back annually to this committee and the legislature to insure that their operations are running smoothly and are on budget every year.

Four: The DEEP Commissioner, in this legislation, is given vast new authority to write, re-write and update, at-will the state's solid waste plan. This is in stark contrast to current CT solid waste statutes, at 22a-228, where the legislature specifically detailed how this plan is to be written and periodically updated. This process was followed when the plan was last updated by DEEP and insured broad stakeholder holder input in the updating of the plan. This proposed new grant of authority to the Commissioner wipes out the historical guarantee that municipal and private sector expertise and input will be sought and considered in the periodic updating of this plan. With all due respect -- we in this business – whether at a town's DPW garage or at one the private recycling or material recovery facilities run by our members – work daily where recycling and reuse stops being theoretical and is an actual real world operation. We are the experts, doing this work day in and day out. We simply cannot understand why such valuable expertise would be driven out of the current process as SB #27 proposes. We cannot support any provision of the legislation that allows that to happen.

Five: The member companies of the CT chapter and our industry have invested hundreds of millions of dollars to create recycling and reuse options for all in CT. We deliver our services based on customer choice and through competition between our companies as their service providers. We own and operate single stream recycling centers; construction and demolition resource recovery facilities; organics management facilities; bulky and special waste facilities; transfer stations and disposal facilities. One small piece of our industry's investment in CT, for example is when my company, Paine's Inc., spent nearly \$ 2 million dollars so the citizens of West Hartford would have access to single stream recycling. The introduction of this state-of-the art recycling program has helped this community improve its recycling rate which is now on par with the national recycling rate of 35%. We believe this community's recycling rate will continue to improve, as well, in the years to come.

It is also important to note that our CT waste and recycling companies have invested in and built this state-of-the art infrastructure throughout the state with private funds. This infrastructure is well positioned to serve all CT citizens, municipalities and businesses for many years. Also, in the process of doing this, you should know we have employed thousands of people; and, paid taxes and fees to all every level of government and special purpose authorities imaginable within the state. We are ready to continue to make such investments to further improve this infrastructure and additionally to bring on line more facilities for the management of organics. The creation of MIRA, we believe, will have a chilling impact on the fate of these future private sector investments.

Six: This legislation, by restructuring CRRA into MIRA and also setting up a Recycle CT Foundation, among other things, seems to eerily set CT on a path it has been down before. By creating these new organizations, with special purposes and unknown new authorities, there is a very good chance that the mistakes of the past will be made once again. Those mistakes include things like \$100s of millions of losses in failed Enron investments; and, the current upside down financial situation that both the CRRA itself and mid-Conn waste-to-energy project are in. I will suggest that CT would be in a far better place today if we had been a bit more careful in how its new special purpose and authority was originally structured. Let's not make the same mistake now by creating MIRA with unknown powers; and, without fully delineated and controlled for objectives, programs and costs.

As you can see from our comments we as an industry have great concerns and opposition to several parts of this legislation. We urge it be significantly re-written before further legislative movement.

I thank the committee for your time today and welcome your questions.

Michael R. Paine Sr.
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& CT Chapter Chair, NW&RA