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Michael J. Cicchetti
Associate Director, Government Relations
Covanta Energy Corporation
www.covantaholding.com
973 610 3547
mcicchelli@covanta.com

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**Testimony In Support Of Senate Bill 404, AAC BUILDING PERMIT FEES
FOR CLASS I RENEWABLE ENERGY PROJECTS AND RENEWABLE
ENERGY CREDITS FOR TRASH-TO-ENERGY FACILITIES**

Senator Osten, Representative Rojas, Senator Fasano, and Representative Aman, thank you for the opportunity to submit testimony in support of Senate Bill 404, AAC BUILDING PERMIT FEES FOR CLASS I RENEWABLE ENERGY PROJECTS AND RENEWABLE ENERGY CREDITS FOR TRASH-TO-ENERGY FACILITIES.

Connecticut should be proud of the fact that it has one of the most sustainable solid waste management systems in the world. We send less waste to landfills than any other state in the nation and less than most countries. We are able to achieve this success because of the state's significant investment in waste to energy ("WTE") facilities. The state's six WTE facilities, working in concert with recycling efforts, ensure that solid waste generated here does not end up in a landfill where it will remain for decades, polluting the air and water. In addition to sustainably managing solid waste, the facilities produce renewable, base load electricity, which is sold onto the grid. When these facilities were built, federal legislation ensured their economic viability through a requirement that utilities enter into long term, stable electric contracts. That federal legislation has been repealed, and as the contracts expire, WTE facilities are forced to sell electricity in a market driven down by cheap natural gas. While this is good for consumers, it has placed WTE facilities in financial jeopardy. Some remedy needs to be found to ensure the long term viability of the facilities so that the state does not revert to landfilling its solid waste.

The WTE facilities in the state provide a significant economic boost to the state's economy. There are close to 400 direct jobs at the six WTE facilities, with total earnings of over \$32 million. When factoring in indirect and induced impacts, the total statewide economic impact is over \$425 million. Inaction on the part of the state will put these economic benefits in jeopardy.

Another benefit of WTE is the greenhouse gas ("GHG") mitigation that occurs when waste is sent here as opposed to a landfill. This is primarily due to the avoidance of methane emissions that would occur if the waste was landfilled, as there are zero methane emissions from WTE. On a national average, there is about a ton of GHG mitigation for every ton of waste processed at a WTE facility. In Connecticut specifically, we benefit from a 0.6 ton GHG reduction for every ton of waste processed at a WTE facility. Using the EPA's Social Cost of Carbon formula, this GHG mitigation benefit translates to a value of between \$40 and \$62 per MWh.

WTE is recognized as a Class II renewable energy source in the state's RPS. Unfortunately, because of an oversupply of Class II power – primarily from out of state sources – the Class II RECs are trading for well under \$1, usually between 50 and 60 cents. Because of this low value, many of the Class II RECs remain unsold, and thus are providing no benefit to in state Class II sources.

The recent report of the Resources Recovery Task Force, established by PA 13-285, recommended that the state consider restructuring the Class II RECs to "more fully account for the value of the green house reduction and environmental benefits of WTE." By tying the eligibility of the RECs to the mitigation of GHG generated by waste from Connecticut, the state can be sure that in state WTE facilities are the prime beneficiary of the program.

Ensuring that in state WTE facilities are receiving RECs that have value will help ensure the long term viability of the facilities, and maintain Connecticut's position as a world leader in sustainable waste management.

The Sustainable Solid Waste Management Ladder for the US

Earth Engineering Center, Columbia University (based on SOG 2008 data)



