

Testimony before the Connecticut Committee on Energy and Environment

Raised Bill 168

Frazier Blaylock, Director, Government Relations, Covanta Energy

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Good afternoon Chairmen Doyle, Reed and committee members. Thank you for the opportunity to testify today. My name is Frazier Blaylock and I am the Director of Government Relations for Covanta Energy.

Covanta operates the Bristol and Preston WTE plants serving as a partner in these communities for over 25 years. These, along with the other 3 other WTE facilities in the state operated by Wheelabrator and MIRA have enabled Connecticut to close all its instate landfills and to continue to improve on the state's overall recycling rate which is now 35%. In fact, research done by the Earth Science Center at Columbia University gives Connecticut the highest ranking among US states in terms of its approach to sustainable waste management.

We are in agreement with DEEP and the Administration that there is room for further growth in recycling and materials recovery. We have seen recycling rates approaching 60% in U.S. communities served by WTE plants in places like Montgomery County Maryland, Marion County, OR and Onondaga New York as well as in several countries in the European Union.

Germany, for example, has a recycling rate of 62%, energy recovery rate of 34% and less than 1% landfilling. Denmark recycles 45% of its waste, recovers energy from 52% and landfills 3%. Covanta is constructing a new WTE plant in Dublin Ireland and just began commercial operation of a brand new facility in Durham York, Canada. These countries recognize both the compatibility of WTE and recycling but equally importantly of the GHG benefits of avoiding landfilling. And so they have implemented policies to insure the continued economic viability of this infrastructure.

WTE plants depend upon trash disposal fees and energy revenues in order make their economics work. For many years they had the security of long term PPAs but these have begun to roll off. Now, the historic drop in the price of natural gas has threatened the economic viability of these plants. We have seen empirical evidence of that in Wallingford where Covanta was forced to close that facility due to the significant loss in energy revenues.

Now, there are individuals and companies that are promising, new, cutting edge technologies that can replace the existing WTE infrastructure that has served CT for so many years. But these plants must not be written off as outdated technology which can be readily replaced. There are not commercially viable, environmentally sustainable technologies that exist to fulfill this role. The technology at Covanta's Bristol and Preston plants is the same as what is being encouraged and developed now in the EU, Canada, China and elsewhere. It has been proven to be compatible with recycling and a valuable tool in meeting their Kyoto GHG reductions.

According to the EPA, for every ton processed at a WTE plant, a TON of Co₂e is avoided. This is largely due to the methane emissions avoided by not sending that trash to a landfill. In fact, three of Covanta's domestic WTE plants are currently selling credits into the voluntary carbon market in the U.S. If the existing WTE plants in CT are forced to close, the trash will be put onto trucks and driven to out of state landfills. That would undercut the state's ability to meet their requirements as directed by the EPA's Clean Power plan in its State Implementation Plan, not to mention make dozens of towns vulnerable to unpredictable disposal rates.

Foreshadowing of this scenario occurred last year when an extended unscheduled downtime at the MidConn plant in Hartford occurred during the same time period as Bridgeport's scheduled maintenance outage. In their DRAFT Comprehensive Materials Management Strategy, DEEP reported that the shortfall in WTE capacity resulted in extensive waiting times for both commercial and residential haulers costing thousands of dollars in overtime costs, and tens of thousands of tons being transported to out of state landfills at significant increased cost.

Unless energy revenues increase for these plants, this trend will continue as all WTE are forced to schedule maintenance downtime during peak waste generation periods as they attempt to capture energy revenues during the late fall and winter peak periods when energy consumption is highest, but waste generation is lower.

There will also be no stability to the towns in their cost of trash disposal as they have long enjoyed with our facilities. The economic implications of letting these plants fail will be felt by the 160+ towns and municipalities they serve thru increased and volatile trash disposal fees. The policy impact will be that Connecticut will no longer be the highest ranking state in sustainable waste disposal in the U.S and will lose a valuable tool in meeting the SIP requirement of the Clean Power Plan.

In order to maintain the stability and sustainability of Connecticut's waste disposal infrastructure our recommendation is that the waste-to-energy plants be eligible for a type of Renewable Energy Credit similar in financial value to Class I renewable energy credit.

Thank you for your consideration of this testimony.