



Bristol Resource Recovery Facility Operating Committee

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ENERGY & TECHNOLOGY COMMITTEE

TESTIMONY OF THE BRRFOC & BRISTOL FACILITY POLICY BOARD Raised Bill No. 168 – *AN ACT CONCERNING TRASH-TO-ENERGY FACILITIES* March 1, 2016

Senator Doyle, Representative Reed, Senator Formica, Representative Ackert, Members of the Energy and Technology Committee, thank you for the opportunity to speak to you today about Raised Bill SB168. My name is Mark Bobman, I am the Executive Director of the Bristol Facility Policy Board, successor organization to the Bristol Resource Recovery Facility Operating Committee. The agency is comprised of fourteen cities and towns, including Berlin, Branford, Bristol, Hartland, New Britain, Plainville, Plymouth, Prospect, Seymour, Southington, Warren, Washington and Wolcott. These towns have collectively managed waste through contractual arrangements with Covanta Bristol, Inc. dating back to the mid 1980's. The technology and facility selected by these communities, the Bristol Resource Recovery Facility, has successfully operated since 1988, with a proven record of processing municipal solid waste and generating electricity for export to the state's power grid.

Until June 2014, we were contractual partners in a Power Purchase Agreement with CL&P, now Eversource, and with power sales at a fixed rate of 8.3¢/kWh, the organization was able to maintain stable and competitive tip fees for over two decades. Without the benefit of a long-term favorable power purchase agreement, the Bristol facility, similar to others in Connecticut, must now enter the energy supply market which has seen unprecedented developments in the past two years. Energy prices have dropped to historic low levels, for the most part creating a boon for consumers but in the long run, many believe this is a turbulent and unstable marketplace.

As you are aware, waste to energy technology serves the dual purpose of managing waste and supplying electricity to the grid. Five facilities remain in Connecticut and according to DEEP estimates, these facilities manage two-thirds of the state's municipal solid waste. In today's world, waste to energy is struggling in North America in part due to public policy which discourages investment in this industry. With an abundance of landfills throughout the continental U.S. offering disposal at prices significantly lower than those which utilize advanced technology, the industry as a whole is experiencing headwinds and we have already seen two facility closures in Connecticut.

I am here today to encourage consideration of renewable energy credits created by waste to energy facilities. In 2013, the Office of Legislative Research estimated only 11% of the Class I requirements were met using CT facilities. The Class I renewable target is overwhelmingly supplied by out of state sources, including landfill gas methane. So we have a situation where DEEP considers waste to energy as a preferred strategy for managing waste over landfill disposal, yet state energy policy offers incentives to out of state

landfills generating power from methane. While Connecticut is not unique among New England states in its treatment and classification of renewables, it is unfortunate that the state did not follow through in a meaningful way to implement recommendations of the Governor's Resources Recovery Task Force (Final Report - December 2013). Paraphrasing that Report, while the state's waste-to-energy plants faces unique market conditions, the waste-to-energy market as a whole is challenged by the decline in electricity prices, and the inequitable application of the solid waste assessment, more commonly known as the "dioxin tax."

Waste to energy facilities typically operate with a substantial base of customers at fixed contractual rates with limited opportunity to adjust to market conditions. To the extent revenues from declining electricity pricing impact the bottom line, this has the potential to adversely impact municipal budgets. Thus, the Governor's Resources Recovery Task Force included the following recommendation:

Market interventions intended to increase revenue for private waste-to-energy companies should continue only for so long as is necessary for the state to successfully implement a waste management policy which increases source reduction and recycling and substantially reduces reliance on waste-to-energy.

The "market interventions" referenced in the Report were never implemented, and thus in 2016 we continue to grapple with the same conundrum which existed in 2013 when the Task Force met.

We now have the draft of DEEP's *Comprehensive Materials Management Strategy*, with recommendations to achieve the goal of 60% recycling by 2024 as set forth in Public Act 14-94, which notes the state is faced with a possible shortfall of in-state disposal capacity, and recommends Connecticut consider a role for waste conversion technologies (anaerobic digestion, gasification, plasma arc gasification, pyrolysis, and hydrolysis/fermentation, such as waste-to-ethanol. While it is laudable to consider emerging technologies, each will face many of the same challenges experienced by today's waste to energy operators.

In conclusion, I encourage the Committee to carefully examine the relationship between market incentives, such as renewable energy credits, and the long-term viability of technology utilized to manage solid waste in Connecticut.