



Bristol Facility Policy Board

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Town of Berlin

February 7, 2017

Town of Branford

Senator Formica
Senator Winfield

City of Bristol

Representative Reed
Energy and Technology Committee
Legislative Office Building – Room 3900
Hartford, CT 06106

Town of Burlington

Town of Hartland

Members of the Energy and Technology Committee of the Connecticut General Assembly:

City of New Britain

Town of Plainville

Thank you for the opportunity to present testimony on proposed legislation S.B.630. I present this information to highlight the role of waste to energy in terms of energy policy in the State of Connecticut. My name is Mark Bobman, 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, recycling metals and generating electricity for export to the state's power grid. It is a vital component of our municipal infrastructure, operated by Covanta Bristol, Inc., which employs 38 people at the facility and pays \$2,400,000 annually in State, local taxes and host community benefits.

Town of Plymouth

Town of Prospect

Town of Seymour

Town of Southington

Town of Warren

Town of Washington

Town of Wolcott

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 the DEEP's Comprehensive Materials Management Strategy (July 2016) 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 2017 we continue to grapple with the same conundrum which existed in 2013 when the Task Force met. The state is faced with a possible shortfall of over 1 million tons of in-state disposal capacity (about 1/3 of the state's overall generation). While DEEP's recommendation to consider a role for waste conversion technologies is laudable (anaerobic digestion, gasification, plasma arc gasification, pyrolysis, and hydrolysis/fermentation), each will face many of the same challenges experienced by today's waste to energy operators, including high barriers to entry and extensive permitting challenges.

Waste-to-energy (WTE) plants depend upon trash disposal fees (tip fees) and energy revenues in order to be competitive with out of state landfills and in order to provide the environmentally superior alternative to landfilling. We understand that the Department of Energy and Environment is examining possible policy approaches to providing increased energy revenues that are needed to keep the existing WTE infrastructure operating.

Whether it is an amendment to the state's renewable portfolio standards, a state energy procurement program, or other approach, we need to know that the waste-to-energy plant we rely upon will be able to remain economically viable for the foreseeable future. We do not want to be subject to the unpredictable services and prices associated with sending our waste to distant landfills.

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.

Sincerely,

Mark H. Bobman

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Executive Director