



**Testimony Before the Ways and Means Subcommittee on Natural Resources
HB 2020
By Mike Van Brunt**

Co-chair Taylor and Co-chair Representative Reardon and members of the Committee, thank you for the opportunity to speak today. My name is Michael Van Brunt and I am speaking on behalf of Covanta, the owner and operator of the Marion County Energy-from-Waste facility. First and foremost, I want to express support for addressing climate change through establishing a price on carbon. We agree that addressing climate change must be one of our top environmental policy priorities today.

We are proud to be part of the solution. The facilities we operate, like the one located in Marion County, are internationally recognized as GHG mitigation tools, even after accounting for our stack emissions of fossil-based CO₂. The IPCC called waste-to-energy a “key GHG mitigation measure.” We do this by diverting degradable organics from landfills, the 3rd largest source of methane globally and in the United States, displacing grid connected fossil-fuel fired electrical generation, and recovering metals for recycling. Our GHG benefits relative to landfilling have been recognized by the U.S. EPA; the European Union; and the State of California. Just this morning, I approved another sale of carbon offset credits from a newly expanded waste-to-energy facility in Florida, just like the one in Marion County. Yet, under the current version of HB 2020 the Marion County plant is included in the cap & trade program, and is required to purchase 100% of the allowances needed to cover its anthropogenic emissions.

This would not be an issue *if* the waste management sector were treated uniformly. However, landfills are *not* under the cap and do not have a requirement to purchase allowances. Marion County facility is the only waste management facility in the entire state under the cap – representing just 5% of the sector’s emissions.

Under the current version of the bill, landfills are subject to more stringent requirements around landfill gas collection and control; however, a similar approach in California costs landfills **less than fifty cents a ton** and is not subject to any market risk. Unless addressed, the estimated cost to the Marion EfW facility would **start at \$6 / ton** and will grow over time. This will create an economic incentive to landfill more, in direct contrast to the State’s solid waste management hierarchy. In effect, the current proposal *encourages* emissions leakage out of the cap.

To establish a more level playing field, we have proposed an output-based free allocation of allowances to the Marion County EfW facility based on a very conservative benchmark calculation, subject to periodic review. The conservative calculation means the Marion County facility will still have a compliance obligation, but at a level that will

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prevent emissions leakage. We believe this disparity could also be addressed by including the Marion County facility as an Emissions Intensive Trade Exposed (EITE) facility where providing a waste management service is considered a good.

We are not asking for special treatment, only equitable treatment in the waste management sector. We ask members of the committee to consider our amendment to provide a level-playing field for the entire sector.

Thank you for your consideration of this request. I will be happy to answer any questions.