June 15, 2007

The Honorable John Dingell
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

The Honorable Rick Boucher
Chairman
Subcommittee on Energy and Air Quality
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Dingell and Chairman Boucher,

On behalf of the Integrated Waste Services Association (IWSA), I appreciate the opportunity to submit comments from the perspective of the companies and local governments engaged in the nation's waste-to-energy industry to the Committee regarding efforts to establish "portfolio standards" for electric generation. Waste-to-energy is an important technology that safely manages municipal solid waste and generates clean renewable energy. IWSA firmly believes that any future portfolio standards legislation should promote waste-to-energy technology as a means to promote energy independence, reduce reliance on fossil fuels, and reduce greenhouse gas emissions.

IWSA is the national trade association representing the nation's waste-to-energy industry and municipalities. Waste-to-energy facilities produce clean, renewable energy through the combustion of municipal solid waste in specially designed power plants equipped with the most modern pollution control equipment to clean emissions. Trash volume is reduced by 90% and the remaining residue is safely reused or disposed in landfills. There are 88 waste-to-energy plants operating in 26 states managing about 13 percent of America's trash, or about 95,000 tons each day. Waste-to-energy generates about 2,700 megawatts of electricity to meet the power needs of nearly 2.3 million homes while serving the trash disposal needs of more than 36 million people.

We believe that waste-to-energy must be included in any legislation Congress considers that would require utilities to provide a certain percentage of its electricity from renewable or clean sources. Municipal solid waste is both sustainable and indigenous, two basic criteria for establishing what is a renewable energy source. Waste-to-energy facilities use this renewable fuel to generate clean electricity while also providing safe and reliable disposal of municipal solid waste.

1331 H Street N.W., Suite 801 • Washington, DC 20005 • (202) 467-6240 • www.wte.org

Municipal Solid Waste is a Renewable Fuel

The sustainable nature of MSW is a major component of its historic renewable status. For more than three and a half decades, despite all of the efforts of EPA and many others to reduce, reuse and recycle, the U.S. diversion rate of municipal solid waste has climbed to barely above 30%. During this same time period, the solid waste generation rate has more than *doubled* and the population has risen by more than 96 million people. Furthermore, for the past several years, the national average diversion rate has increased by less than one percentage point per year. Today, Americans dispose of 278 million tons of municipal solid waste per year of which less than 30 million tons is used as fuel in waste-to-energy facilities. It is clear to see that for the foreseeable future there will be no end to an amount of municipal solid waste available as a renewable fuel.

Waste-to-Energy has a Long Track Record as Renewable

Policymakers for three decades (since the inception of the commercial waste-to-energy industry) have recognized MSW as a renewable fuel. The most recent statutory recognition came in section 203 of the Energy Policy Act of 2005, which defined municipal solid waste as "renewable energy." This statute was subsequently embraced by President Bush's Executive Order 13423.

While the Energy Policy Act of 2005 and Executive Order are the most recent examples, waste-to-energy is given full renewable status for the municipal solid waste it processes under a number of statutes, regulations, and Executive Orders, including the Federal Power Act, the Public Utility Regulatory Policy Act, the Biomass Research and Development Act of 2000, the federal Pacific Northwest Power Planning and Conservation Act, Section 45 of the Internal Revenue Code, Federal Energy Regulatory Commission regulations, and statutes in two dozen states including more than a dozen renewable portfolio standards.

Waste-to-Energy is Clean and Reduces Greenhouse Gases

In addition to using a renewable fuel, the environmental attributes of waste-to-energy should be supported and encouraged by inclusion in a portfolio standard. America's waste-to-energy facilities meet some of the most stringent environmental standards in the world and employ the most advanced emissions control equipment available. The EPA has stated that America's waste-to-energy plants have achieved dramatic decreases in air emissions, and produce electricity "with less environmental impact than almost any other source of electricity."

The production of clean energy from garbage has been attained by a heavy investment by the waste-to-energy industry and its municipal partners. Waste-to-energy facilities achieved compliance in 2000 with new Clean Air Act pollution control standards for municipal waste combustors. More than $1 billion was spent by companies and their municipal partners to upgrade facilities, leading EPA to write that the "upgrading of the emissions control systems of large combustors to exceed the requirements of the Clean Air Act Section 129 standards is an impressive accomplishment."

In addition, waste-to-energy achieves the reduction of greenhouse gas emission through three separate mechanisms: 1) by generating electrical power or steam, waste-to-energy avoids carbon dioxide (CO_2) emissions from fossil fuel based electrical generation, 2) the waste-to-energy combustion process effectively avoids all potential methane emissions from landfills thereby avoiding any potential release of methane in the future and 3) the recovery of ferrous and nonferrous metals from MSW by waste-to-energy is more energy efficient than production from raw materials – thereby avoiding CO_2 from fossil fuel combustion.

Waste-to-Energy Generates Much Needed Baseload Power

It is important to consider that waste-to-energy plants supply power 365-days-a-year, 24-hours a day and can operate under severe conditions. For example, Florida's waste-to-energy facilities have continued operation during hurricanes, and in the aftermath of the storm provide clean, safe and reliable disposal and energy generation. Waste-to-energy facilities average greater than 90% availability of installed capacity. The facilities generally operate in or near an urban area, easing transmission to the customer. Waste-to-energy power is sold as "baseload" electricity to utilities that can rely upon its supply of electricity. There is a constant need for trash disposal, and an equally constant, steady, and reliable energy generation.

Waste-to-Energy Actively Participates in the REC Markets

Inclusion of waste-to-energy in a portfolio standard would provide a seamless transition since municipalities and companies that own and operate waste-to-energy facilities are already actively participating in the renewable energy trading markets. Waste-to-energy is included many state renewable portfolio standards and has traded frequently in those markets. Facilities have also sold RECs to entities interested in acquiring RECs on a voluntary basis. Furthermore, waste-to-energy facilities have successfully won bids to sell RECs to the federal government through competitive bidding processes.

IWSA Policy Recommendations

For all of the reasons stated above, IWSA believes that any portfolio standard considered by congress must recognize waste-to-energy as an eligible generation source. In addition, the portfolio standard should be based on the type of generation rather than the date a facility was placed in service.

Some proposals have sought to limit portfolio standards to facilities placed in service after a certain date, sometimes as far back as ten years ago. Facilities built 5 years ago are no more environmentally friendly because of their start-up date, than those facilities built 10 or 15 years ago. Picking a cutoff date in the past to identify eligible generation sources only arbitrarily and capriciously picks winners and losers among existing energy sources.

Furthermore, any federal portfolio standard legislation must recognize that the generator of the electricity owns the REC until the generator contracts to sell that REC. IWSA strongly urges the Committee to ensure that ownership of RECs is not conveyed through a power contract that does not specifically convey ownership of the environmental

attributes. The electric power and the environmental attributes are separate commodities, each with its own value.

In conclusion, IWSA very much appreciates the invitation to submit comments on climate change legislation and provide the views of the nation's waste-to-energy industry. I look forward to working with you and your staff to provide our perspective and craft legislation that is fair, sensible, and responsible. Please do not hesitate to contact me if you have any further questions.

Sincerely,

Ted Michaels
President