



Testimony before the Senate Rules Committee

By Matthew Marler for Covanta Energy

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Good afternoon Chairman Burdick and members of the Committee. My name is Matthew Marler and I am the Area Asset Manager at the Covanta Marion County waste-to-energy facility.

The waste-to-energy facility (WTE) in Marion County processes 550 tons of waste per day and generates 13 MW of baseload renewable energy, playing a valuable role in supplementing the intermittent renewable generation on the grid. When Covanta came close to the expiration of our original power purchase agreement and became aware that the General Assembly would consider legislation to allow us to sell Renewable Energy Credits (RECs) from the facility, we proactively registered the facility in the Western Renewable Energy Generation Information System (WREGIS).

In 2016, the Marion County waste-to-energy facility became eligible to sell Renewable Energy Credits with the enactment of SB 1547, known as the Clean Coal Bill.

When the legislature changed the law in 2016 we began pursuing a long-term energy contract with PGE. This contract is for the sale of electricity and associated OR RECs. The value of the RECs, which are inseparable from the energy sold in the contract, is worth millions of dollars annually over the 15 year contract and essentially needed to meet the required investments to enable the facility to continue its operations and service to Marion County's waste management program.

In good faith, we entered into a long-term contract with PGE after the law was changed to allow the Marion County facility to sell RECs.

It wasn't until August 2018 that the Oregon Department of Energy decided there was a problem with the statute and that a technical amendment was needed. The statute was interpreted as requiring that the Marion County facility register by January 1, 2011 years before it was legally able to sell RECs.

ODOE worked with Covanta and the original bill sponsor to draft SB 451, which has the sole purpose of aligning the registration requirement with the year of REC eligibility. No other changes have been proposed to the RPS.

If the legislature changes the intent and applicability of the law as enacted in 2016, we will not be able to meet the terms our contract with PGE, resulting in potential penalties or complete invalidation. In that situation, Covanta would have to sell its electrical output in the spot markets without compensation for RECs which would severely impact the economic viability of the facility.

The facility is of an age that it needs maintenance and improvements which are planned over the next several years. These investments are necessary for the continued operation of the plant and the REC revenue is essential to pay for this work. To complete this essential work without REC revenue, **Covanta would need to more than double the cost of disposal services it provides to Marion County.**

Without the RECs, the facility would close and the County would be forced to send its waste to a landfill. This scenario puts the County's entire solid waste system, including its advanced recycling program, at risk. The implications of this are detailed in the testimony submitted by Commissioner Kevin Cameron on behalf of Marion County

You may hear opponents of the facility characterize the Marion County WTE facility as a major source of GHG emissions and worse than landfilling from a climate perspective. This is not true. WTE facilities reduce GHG emissions by avoiding landfill methane, displacing fossil-fuel fired electricity, and recovering metals for recycling even when considering the stack emissions of fossil-based CO₂ and the collection and use of landfill gas at landfills. In fact, an additional 23.6 million metric pounds of CO₂e will be generated annually if the County's waste is instead sent to a landfill.

WTE's role in reducing GHG emissions is widely recognized internationally. A recent NY Times article on Copenhagen's world-leading efforts to reduce GHG emissions featured the City's brand new WTE facility. The Intergovernmental Panel on Climate Change (IPCC) called WTE a "key GHG mitigation measure." Scientists from the National Renewable Energy Lab, or NREL, concluded "Life cycle assessment studies published in the literature have generally been consistent in suggesting that MSW combustion is a better alternative to landfill disposal in terms of net energy impacts and CO₂-equivalent GHG emissions." Recent capacity expansions in Florida have been selling carbon offset credits on the voluntary market for nearly 10 years. Lastly, in a key peer reviewed paper, U.S. EPA scientists concluded "If the goal is greenhouse gas reduction, then WTE should be considered as an option under U.S. renewable energy policies."

You may also hear testimony about our toxic emissions. Previous testimony has even gone so far as to compare our emissions to Agent Orange in Vietnam because we emit negligible amounts of dioxin, without noting that the facility operates 90% below its permit limit, a limit

that is half what the federal government allows. And without noting that forest fires, landfill fires, and backyard trash burning are far greater sources – all of the WTE facilities in the country emit just one tenth of one percent of the total in the U.S.

The truth is that the Marion County WTE facility is equipped with sophisticated air pollution control equipment, starting with a carefully controlled combustion process with temperatures in excess of 2,000°F that destroys organic contaminants. The facility is subject to routine testing and continuous emissions monitors, neither of which are required for landfills.

The effectiveness of these emissions controls has been studied extensively. Just a couple of years ago, Metro Portland commissioned a comprehensive 3rd party expert review of available literature on air quality health risk assessments and health surveillance programs surrounding WTE facilities. The review “determined that there was not a predictive or actual increase in health issues, including for those in vulnerable or sensitive “at-risk” populations such as children or the elderly.”

For the reasons stated herein, we urge the Committee to vote favorably on SB 451. Thank you for your consideration of this matter, I am happy to answer any questions.