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Via e-mail to SEPCComments@nyserda.org

Mr. John Williams
Director, Energy Analysis
New York State Energy Research Development Authority
15 Columbia Circle
Albany, NY 12203

Dear Mr. Williams:

On behalf of Covanta Energy Corporation ("Covanta"), we are pleased to offer comments to the State Energy Plan Coordinating Working Group on the Draft Scope (Scope) for the 2013 New York State Energy Plan (Plan). Covanta is a national leader in developing, owning and operating facilities that convert municipal solid waste ("MSW") into renewable energy. Energy-from-Waste (EfW) or waste to energy ("WTE") facilities provide important waste management services to municipalities seeking to avoid or minimize use of landfills, while using MSW as a fuel source for generating GHG mitigating renewable energy.

Covanta owns and/or operates over 40 EfW facilities in the U.S., including seven (7) in New York State. As a member of IPPNY ("Independent Power Producers of New York") we appreciated being present at the March 30th meeting to provide feedback and welcome the opportunity to further elaborate on that conversation.

Meeting the State's Energy Needs and Goals with Energy Efficiency and Renewable Resources

The Plan notes that to meet NYS' energy needs and goals, further assessment is needed on the use of other fuels and energy sources, such as municipal solid waste. Solid waste is an important resource and is a sustainable feedstock for electricity, heat, steam and liquid fuels production. Energy-from- Waste is a proven technology that converts MSW into baseload steam and/or electricity and should be designated fully as a renewable energy technology under the New York State Renewable Portfolio Standard.

The nearly 13 million tons of waste landfilled, both in and out of state, represent a tremendous sustainable and renewable source of energy which can help to reduce the reliance on foreign fossil fuels. The 10 EfW facilities in New York State process over 4 million tons of MSW, contribute over 2 million MWh of electricity (enough for 187,000 homes) and have the capacity to offset 3.2 million tons of GHG

as carbon dioxide equivalent per year. These facilities already contribute to New York's current baseline of renewable electrical generation.

Energy-from-Waste is defined as a renewable energy technology in 27 states and employed in the European Union and China. These countries have adopted policies that have moved to phase out landfills and increase recycling and recovery of energy from waste. As a result of the EU waste policies, the largest relative reduction in EU greenhouse gas emissions has been achieved in the waste sector, with a relative reduction of 34%. This is due largely to the avoidance of the methane that is generated by landfills. Recognition of EfW as a source of GHG mitigation and inclusion of EfW as an eligible source of carbon offsets follows the long established policies of the Intergovernmental Panel on Climate Change (IPCC) and the Clean Development Mechanism (CDM) of the Kyoto Protocol.

Currently, New York State does not recognize EfW as a renewable technology under the state's Renewable Portfolio Standard (RPS), but does so under the definition of renewable in the New York State Energy law. The RPS does support the use of MSW in the form of landfill gas to energy, a known methane generating technology. The inequity in the classification of waste usage continues to disadvantage EfW by rewarding landfills and is in stark contrast to national and international recognition of the GHG benefits of energy recovery from waste. Both the European Union (EU) and the U.S. EPA have developed waste hierarchies which give preference to recycling and energy recovery over waste disposal in landfills. The former US EPA Office of Solid Waste is now the Office of Resource Conservation and Recovery, reflecting a new emphasis on sustainability and recovering value from former waste materials.

The energy value of New York's municipal solid waste is being wasted by landfills. Landfill gas to energy systems, capable of recovering some energy, are relatively inefficient. In contrast, the average EfW facility generates nine times more power per ton of waste while newer facilities can generate as much as fourteen times more power. One 1,500 ton a day EfW facility can offset the need for approximately 500,000 barrels of oil a year. EfW provides reliable, base load energy generation. Additionally, EfW facilities are close to load centers and provide significant greenhouse gas reductions.

We strongly encourage the Plan's call for a review of the RPS and for the inclusion of Energy-from-Waste as a fully eligible renewable technology.

Meeting the State's Energy Needs and Goals for Electricity

We believe that the Plan should address the need to restructure the capacity markets in the state. At the least, the Plan should determine if the pricing associated with the current capacity markets provide the right level of pricing to sustain existing resources and attract new ones when needed. In addition, the capacity procurement approach in neighboring states such as New Jersey should be assessed to determine adequacy and applicability to the state of NY.

The Plan should assess the energy procurement practices of all utilities (including NYPA, and LIPA) to determine if those practices are adequate to attract new in-state capacity and sustain exiting plants. Further, the procurement process must be examined to make sure that it is well defined and incorporates all generation resources (e.g., technology, existing and new, etc)

Finally, the Plan should consider the benefits of offering long-term capacity and energy contracts to stabilize prices, reduce volatility, and encourage in-state generation. In addition to the expansion of the state RPS to include Energy-from-Waste, the Plan should consider the value of long-term contracts, and the need for Feed-in-Tariff to attract additional renewable energy resources.

Climate Change and Environmental Impacts

We strongly support that the Plan include an assessment of climate change and environmental impacts on each technology. Such an assessment will advance the goals of developing low carbon and cleaner energy sources. The environmental impacts of our energy system do not stop at the fence line of the facility. We encourage NYSERDA to assess the upstream impacts of energy systems, including the environmental impacts associated with fuel extraction, processing, and transportation. This is especially important as new sources of fossil fuels are identified and exploited. In addition, the greenhouse gas and environmental assessment should address co-benefits and co-products of certain types of energy generation. For example, EfW facilities perform two distinct functions: energy generation and waste management. When addressing these facilities from an energy standpoint, the environmental consequences and benefits of avoided landfilling must be assessed to obtain a true picture of energy-from-waste's environmental impacts. This is conceptually similar to combined heat and power systems: when viewed only from the standpoint of electrical generation, these facilities can look relatively inefficient; however, CHP facilities are very efficient when their steam and/or heat generation is considered.

Additionally, the state should seek changes to RGGI to include EfW as an identified GHG offset. Similar to the inconsistency of the RPS, landfill gas has been identified as an offset. EfW facilities, both in the U.S. and abroad, generate and trade GHG credits under Kyoto's CDM and the Voluntary Carbon Standard (VCS).

Covanta Energy is supportive of the State Energy Plan Coordinating Working Group's efforts to address New York State's energy needs. We believe that Energy from Waste is a vital component in this effort and can assist the state in achieving its renewable energy and climate goals. We look forward to working with you as you continue your work.

Regards,

Jennifer Maldonado