

June 17, 2014

California Air Resources Board  
1001 I Street  
P.O. Box 2815  
Sacramento, California 95812

**Re: Potential Amendments to the Cost of Implementation Fee Regulation**

Covanta provides these comments on the CARB Informal Discussion Draft on Potential Amendments to the Cost of Implementation Fee Regulation released on June 5, 2014

Covanta is a national leader in developing, owning and operating facilities that convert municipal solid waste (“MSW”) into renewable energy (energy-from-waste or “EfW” facilities). EfW 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 renewable energy. Covanta owns and/or operates 40 EfW facilities in North America, two of which are located in California.

Covanta has concerns with the proposed amendments to the GOI fee that would include the non-biogenic portion of EfW’s emissions in the GOI fee. There are only three EfW facilities in the state that this fee would apply and this places an undue burden on these facilities. It is surprising that while the ARB advances policies, like mandatory organics diversion, to reduce the amount of waste going to landfills, that landfills remain exempt from the GOI fee. From a GHG perspective, EfW has been identified as a preferential way to manage waste by the international scientific community and 2012 CalRecycle study.

ARB staff has indicated that they are trying to create equity within the electric sector with changes to these fees. While EfW facilities generate electricity, this is not their primary purpose. These facilities are regulated by CalRecycle as solid waste facilities and not as generators of electricity. This proposed change would create further inequities in the solid waste sector and make landfilling a more preferential and less expensive option for cities and counties.

Finally, the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) has updated the 100 year global warming potential of methane to 34 times as potent as CO<sub>2</sub> when climate-carbon feedbacks are included. The new data shows that the methane emitted by landfills and other sources is even more damaging than previously thought. Recognizing this, Germany, Denmark and the rest of the EU 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.

This new data, and the shorter term perspective on methane, further demonstrates the positive characterization of EfW versus landfill from a GHG perspective and provides a sound basis to keep the existing regulations that do include the three EfW facilities in the GOI fee.

Please let us know if you have any additional question and thank you for your work.

Sincerely,



Ellie Anne Booth



*Ellie Booth*  
*Director, Government Relations*  
*Tel: 503.784.5692*  
*ebooth@covanta.com*