

April 4, 2014

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

Subject: Comments to 15 day Proposed Changes to the California Greenhouse Gas Cap and Trade Regulations

Dear Dr. Cliff:

Covanta provides these comments on the CARB 15-Day Modifications to Potential Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms ("Discussion Draft"), released March 21, 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, and also owns and/or operates other renewable energy facilities, including six biomass-to-energy facilities in California.

Covanta supports the limited exemption for EfW facilities for the first compliance period and in data year 2015. The CARB Board Resolutions 11-32 and 12-33 in October of 2012 stated that the ARB will continue to work with CalRecycle and other agencies and stakeholders to "determine the most appropriate treatment of municipal solid waste under the cap-and-trade program including emission characterization methodologies." This limited exemption will allow for the completion of this process.

However, as currently proposed, the regulation presumes that the appropriate mechanism moving forward will be to include EfW facilities in the cap as a covered entity as of January 1, 2016. The preponderance of data have demonstrated that EfW facilities offer GHG savings relative to landfills, an uncapped sector. In a 2012 study, CalRecycle concluded that the state's EfW facilities provide a net GHG reduction relative to landfills, joining the European Union, the U.S. EPA, the National Renewable Energy Laboratory (NREL), the World Economic Forum,

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the IPCC, and the Clean Development Mechanism of the Kyoto Protocol in recognition of EfW as a GHG mitigation measure relative to landfilling.

New data show that the methane emitted by landfills and other sources is even more damaging than previously thought. Since the October 2012 Board Resolution and the CalRecycle study, the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report has updated the 100 year global warming potential of methane to 34 times as potent as CO₂ when climate-carbon feedbacks are included. Over a 20-year timeframe, identified in the February 10, 2014 proposed update to the Scoping Plan as a better reflection of what can be achieved in the near term by mitigation, methane is *86 times* as potent as CO₂. 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 exclude the three EfW facilities moving forward.

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

Sincerely,

A handwritten signature in cursive script that reads "Ellie Booth".

Ellie Booth
Covanta Energy