Michael E. Van Brunt, P.E.
Manager, Sustainability

Covanta Energy Corporation
40 Lane Road
Fairfield, NJ 07004
Telephone: (973) 882-2768
Facsimile: (973) 882-4167

Via e-mail to info@rggi.org

November 30, 2010

Regional Greenhouse Gas Initiative, Inc.
90 Church Street, 4th Fl.
New York, NY 10007

Re: Request for Stakeholder Input in Preparation for RGGI Program Review

To Whom It May Concern:

Covanta Energy Corporation ("Covanta") is pleased to offer comments to RGGI's November 5th request for stakeholder input in preparation for the RGGI Program Review. 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 or waste to energy ("WTE") facilities provide important waste disposal 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 over 40 EfW facilities in the U.S., including 18 in the RGGI member states, and also owns and/or operates other renewable energy facilities, including biomass to energy and landfill gas to energy facilities.

Our core business, EfW, is a net reducer of greenhouse gas emissions relative to the traditional practice of landfilling the MSW remaining after recycling. EfW avoids approximately 1 ton of carbon dioxide equivalents (CO_2e) for every ton of municipal solid waste (MSW) processed on a life cycle basis when using national averages. The GHG mitigation potential of EfW is widely recognized, including by the United Nations Framework Convention on Climate Change, the European Union and the European Environmental Agency, the Global Roundtable on Climate Change convened by Columbia University's Earth Institute, and the U.S. Conference of Mayors.

In fact, the Nobel Prize winning Intergovernmental Panel on Climate Change ("IPCC") identifies EfW as a key GHG mitigation technology for the waste sector. EfW facilities in developing countries are eligible to generate tradable GHG credits under an approved CDM methodology. A recent paper coauthored by EPA and North Carolina State researchers demonstrated the value of EfW over landfilling from both a GHG and energy perspective. The World Economic Forum at their 2009 meeting in Davos, Switzerland, identifies EfW as one of eight renewable technologies likely to make a meaningful contribution to a future low-carbon energy system. Finally, the Lee County Resource Recovery Facility recent capital expansion was the first to generate carbon offset credits in North America through the Voluntary Carbon Standard.

We continue to strongly support the RGGI program. As the first mandatory market in North America, RGGI has taken a leadership role in furthering public policy aimed at reducing greenhouse gases and our dependence on fossil fuels. Additionally, RGGI is the example that a carbon market can function effectively and efficiently. This continued leadership is critical in the absence of federal leadership, despite the successful passage of the U.S. House of Representatives *American Clean Energy and Security Act of 2009*. As RGGI prepares for its first Program Review, we offer the following comments in support of the continued evolution of the RGGI program.

IPM Reference Case Results

We strongly support further reductions in the regional CO2 allowance budget recognizing that CO_2 emissions from RGGI compliance entities are projected to be less than the allowance budget for the foreseeable future. In other words, with the current allowance budget, RGGI is unlikely to have any significant direct impact on GHG emissions in the member states. We believe that in order for RGGI to remain relevant and to reduce GHG emissions in the member states, it is imperative that RGGI reassess its allowance budget and target further GHG reductions in the covered entities.

Other Options for Program Review

To date, no offset projects have been developed under the RGGI program. This condition will likely persist unless the regional allowance budget is adjusted moving forward. Although clearly a result of market forces, this is unfortunate: a robust offsets program will incentivize reductions in GHG emissions from outside of the RGGI scope, maximizing the impact of the RGGI program. Furthermore, a robust offsets program, when combined with a more aggressive allowance budget, can help mitigate costs for covered entities. We recommend that the RGGI program expand its offsets program, particularly the list of eligible offset projects, currently limited to only five project types. Since the initial signing of the MOU in 2005, successful voluntary markets have emerged in the United States. These markets have served as a learning ground for offset project types, each of which have met high standards and have resulted in real reductions in GHG emissions. We encourage RGGI to expand the list of eligible offset projects through a revision to the MOU, to encompass a wider scope of offset project types.

Specifically, we recommend that RGGI expand upon its recognition of landfill gas capture and collection to include projects that avoid landfill gas. Already recognized by Clean Development Mechanism (CDM) approved methodology AM00025, projects that avoid landfill gas prevent 100% of landfill methane formation while encouraging alternatives to landfilling. Avoided landfill methane offsets will potentially provide a financial incentive to new recycling, food and yard waste composting, anaerobic digestion, and other technologies that reduce our dependence on landfilling.

Thank you for the opportunity to submit comments. We look forward to continued dialogue with RGGI, Inc. and the member states in preparation for the Program Review. Please do not hesitate to contact the undersigned if you have any questions.

Sincerely,

Michael E. Van Brunt, PE
Manager, Sustainability