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Via electronic mail: info@rggi.org

February 16, 2012

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

Re: RGGI 2012 Program Review – Role of Offsets as a Flexibility Mechanism

Ms. Singh:

Covanta Energy Corporation (“Covanta”) is pleased to offer comments on the role of offsets in the Regional Greenhouse Gas Initiative (“RGGI”) including their potential as a flexibility mechanism. 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 electricity and/or steam. Covanta owns and/or operates 41 EfW facilities in the U.S., including fifteen (15) in the nine (9) RGGI states, and also owns and/or operates other renewable energy facilities, including biomass to energy and landfill gas to energy facilities.

Either directly, or through our client relationships, Covanta is involved in the development of several carbon offset projects in North America in the waste management sector. Given our strong presence in the RGGI states, the RGGI program would be a natural fit for our carbon offset development work; however, none of our development efforts to date have focused on RGGI. A limited scope of permissible offset types and low pricing relative to other markets have led us to turn to other programs, including the Verified Carbon Standard (“VCS”) and the Climate Action Registry (“CAR”). We strongly believe changes in the RGGI offset program designed to expand the eligible project types could lead to a substantial expansion of the role of RGGI offsets both in the program itself to provide compliance flexibility and in the overall carbon offset marketplace.

First and foremost, an expansion of the eligible project types will make the RGGI program more appealing to project developers and investors. The current list of project types is extremely limited, and falls far short of the breadth of proven projects that can achieve real, quantifiable, measureable, and additional GHG reductions. An expansion of eligible project types also offers an opportunity to better align the RGGI program with member state initiatives.

In the case of waste management, only landfill gas collection and destruction is currently recognized under the RGGI program. While important, landfill gas collection & destruction is a partial end-of-pipe solution that addresses only the fraction of gas collected and fails to capitalize on greater GHG reductions attainable through the outright avoidance of methane generation through recycling, anaerobic digestion, composting, and EfW. Furthermore, methane avoidance projects are typically more in line with the waste management hierarchy

championed by many policy makers, including the European Union, the U.S. EPA, and the New York State Department of Environmental Conservation. The waste management hierarchy's focus is on waste reduction, reuse, recycling, and energy recovery. Recognized as the leading source of renewable biomass for fuel by the Northeast States Center for a Clean Air Future ("NESCCAF"), MSW's best fate is not landfilling, but recycling, composting, anaerobic digestion, and EfW. A keen focus on avoiding methane is also compelling given recent research showing methane as a much more potent GHG than previously estimated. A team of Columbia and NASA scientists has found that, when indirect aerosol effects are included, the 100 year GWP for methane is 34, 62% higher than the value used in the RGGI program.¹

Significant precedent already exists for the inclusion of landfill diversion in offset programs. Following the lead of the Kyoto Protocol's Clean Development Mechanism methodology AM0025 for *Avoided emissions from organic waste through alternative waste treatment processes*, the CAR program already recognizes avoided landfill methane in anaerobic digestion and composting projects. Two EfW facilities in Florida, eligible under current additionality rules as a result of recent expansions, are generating carbon offset credits by keeping waste out of landfills under the VCS program. This is a key move forward for GHG reductions, especially given the Nobel Prize winning Intergovernmental Panel on Climate Change ("IPCC") recognition of EfW as a key GHG mitigation technology for the waste management sector.²

Recent peer reviewed research has demonstrated the magnitude of more effective waste management: globally by 2050, more sustainable waste management in line with the waste hierarchy of the U.S. EPA and European Union, can achieve GHG reductions of 1 billion metric tonnes of carbon equivalents per year³, directly comparable to the reductions achievable through the widespread implementation of wind power, solar power, vehicle efficiency improvements, and afforestation. While landfill gas collection & destruction plays a role, the real reductions are driven by avoiding landfilling through recycling, composting, anaerobic digestion, and EfW. Carbon offsets can be a key driver in realizing these reductions.

Thank you for the opportunity to submit comments on the RGGI offset program and we look forward to continued dialogue. Please do not hesitate the undersigned at mvanbrunt@covantaenergy.com or (862) 345-5279 if you have any questions.

Sincerely,



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

¹ Shindell, Drew T., Greg Faluvegi, Dorothy M. Koch, Gavin A. Schmidt, Madine Unger, Susanne E. Bauer, Improved Attribution of Climate Forcing to Emissions, *Science*, **326**, 716-718.

² IPCC, *Climate Change 2007: Synthesis Report. Contribution of Work Groups I, II, and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change* [Core Writing Team, Pachauri, R.K and Reisinger, A. (eds.)]. IPCC, Geneva, Switzerland, 104 pp.

³ Bahr, B., M. Van Brunt, J. Stovall, K. Blue. "Integrated waste management as a climate change stabilization wedge" *Waste Management & Research*. 2009: **27**: 839-849. http://www.seas.columbia.edu/earth/wtert/sofos/wmr_nov09_p839.pdf