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November 16, 2018

Robert Fernandez
President and CEO
New York Independent System Operator
10 Krey Boulevard
Rensselaer, NY 12144

Dear President Fernandez,

It is with great interest that I read the “Carbon Pricing Draft Recommendation: A Report Prepared for the Integrating Public Policy Task Force” (August 2, 2018) prepared by the New York Independent System Operator (NYISO). I appreciate the opportunity to share the Onondaga County Resource Recovery Agency’s (OCRRA’s) perspective on the ongoing carbon pricing policy development with a specific interest to ensure there are no unintended consequences that would adversely impact the ability to safely and efficiently manage municipal solid waste in Onondaga County and other communities in New York State. Several communities, including Onondaga County are served by Resource Recovery Facilities (RRFs), also commonly referred as Waste-to-Energy (WTE); Energy from Waste (EfW); Thermal Processing of Solid Waste or Municipal Waste Combustors (MWCs). For ease of reading, I will use the term defined in New York Codes, Rules and Regulations (NYCRR) Part 360, MWC, to refer to these classes of resource recovery facilities. These resource recovery facilities would be unintentionally negatively impacted by the carbon pricing mechanisms outlined in the August 2018 draft.

Specifically, I am writing to request that New York State exclude or exempt Municipal Waste Combustors (MWC) from the application of a social cost of carbon price.

I. About OCRRA

OCRRA was established by the New York State Legislature in 1981 as a public benefit corporation empowered to engage in a wide variety of solid waste management activities for the benefit of Onondaga County residents. OCRRA serves thirty-three municipalities in Onondaga County, which has a population just over 450,000 residents. OCRRA boasts an award-winning recycling program, with one of the highest recycling rates in New York State; an internationally recognized municipal composting operation; convenient transfer stations; and a best-in-class environmentally sound WTE facility.

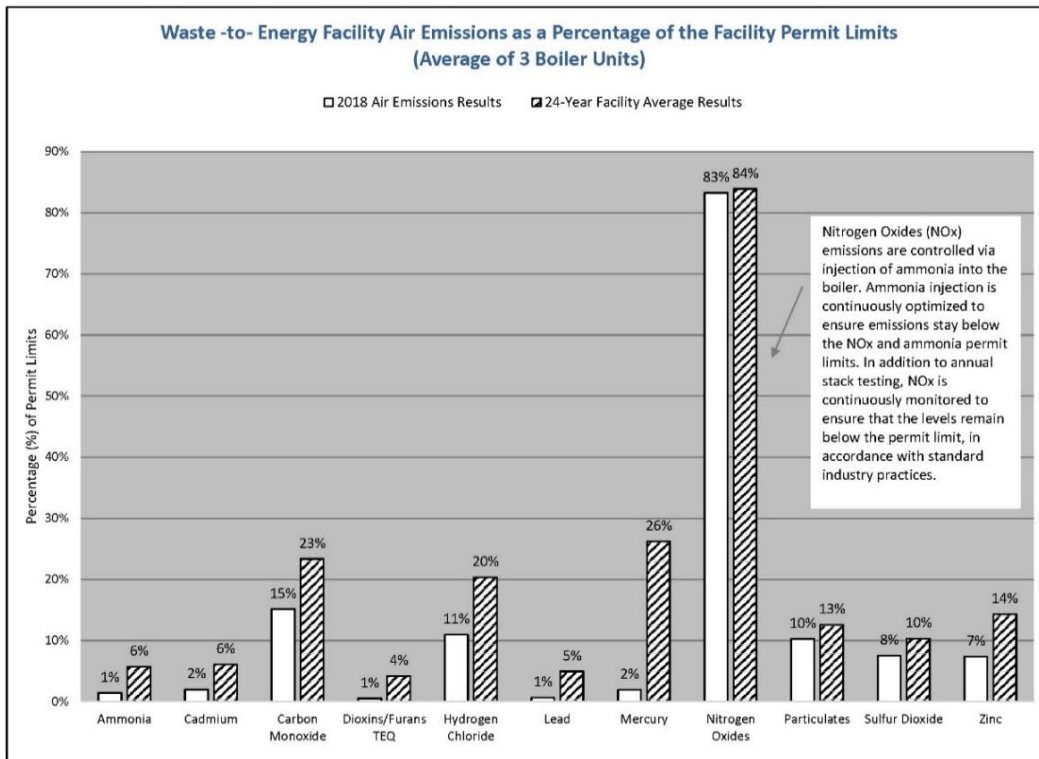
OCRRA effectively engages with the public to put their unwanted goods to the highest—and safest use possible. OCRRA’s public education, outreach and engagement

is well respected and the Agency is a trusted voice on issues for proper and environmentally-sound disposal options. OCRRA inspires our community to “Save the World a little Each Day” and has effectively curated a strong following via direct email and social media. For example, over 10,000 people follow OCRRA on Facebook and more than 140,000 people visit OCRRA’s website each year. OCRRA offers year-round appointments for household hazardous waste drop off to ensure these dangerous materials is safely removed from basements and in lieu of going in the trash, or worse—down the drain.

OCRRA organizes one of the largest Earth Day Litter Clean Up events in North America and to date has ensured that 2.6 million pounds of litter are no longer blighting our community. OCRRA’s events include capturing textiles from the trash and offering free shredding services for the public’s confidential papers. These events are patronized by an average of approximately 2,000 people each year. Annually, OCRRA visits all 120+ schools in Onondaga County, spending time in the classroom and collaborating with custodial staff to make recycling and composting a daily habit for the leaders of tomorrow.

These programs are all made possible by our largest revenue source, which are tip fees charged for local disposal at the Onondaga County Resource Recovery Facility (OCRRF), which is co-permitted by OCRRA and Covanta Onondaga by the New York State Department of Environmental Conservation (NYSDEC), regulated under NYCRR Part 362.

Figure 1: OCRRF 2018 Air Emission Results & 24 year Average Results



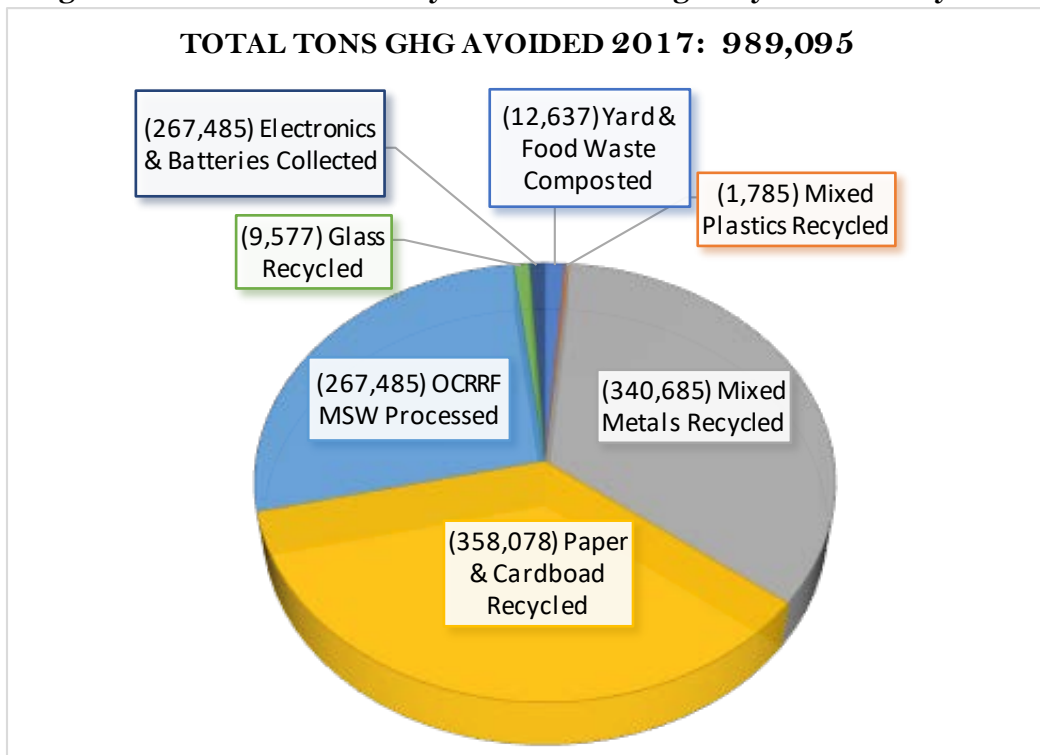
II. About OCRRF

Annually, the OCRRF processes over 360,000 tons of Municipal Solid Waste (MSW) and reduces the weight of the waste by 75-81%, while recovering metal and creating electricity as a byproduct. The primary function of OCRRF is to provide reliable and environmental sound disposal capacity for Onondaga County's solid waste. Electricity sold to the grid, through a Power Purchase Agreement with National Grid contributes about 12% to OCRRA's annual revenue.

OCRRF has been operating successfully for 24 years. OCRRA and Covanta Onondaga renegotiated their Service Agreement in 2015 and extended this successful partnership through 2035. As a result, OCRRA invested \$15 million to upgrade and ensure the optimal operation of OCRRF, including updating the Continuous Emission System. OCRRF exceeds expectations for emission control. Results from 2018's annual stack testing, compared to the 24-year average OCRRF performance history, are shown in Figure 1. You will observe that the OCRRF is operating well below the permit limits for air emissions and the annual results show improvements to the facility's average results.

OCRRF also provides net carbon benefits. In 2017, the OCRRA's material management systems avoided emitting nearly one million tons of greenhouse gas (GHG) emissions due to its recycling, composting, energy and metal resource recovery efforts. Figure 2, below, depicts the components of the OCRRA system and the associated greenhouse gas emissions avoided through recycling at the Material Recovery Facility (MRF), composting food and yard waste, and recovering energy and metals at OCRRF, based on the United State Environmental Protection Agency's Waste Reduction Model (Warm) Model. A breakdown of the GHG emissions avoided by OCRRA's material management systems, are shown in Figure 2. This figure shows that the OCRRF compliments OCRRA's award winning sustainable solid waste program, contributing to 37% of the total GHG emissions avoided. It should be noted that for every toss of MSW processed through OCRRF, an estimated 0.75 tons of GHG are avoided.

Figure 2 : GHG Avoidance by Materials Managed by OCRRA’s Systems



III. MWC is critical sustainable solid waste infrastructure

MWCs provide local, safe, and effective disposal capacity. In Onondaga County, all the municipal solid waste (MSW) that is generated here, is processed in our county, through flow control. The byproduct of MWC is not only electricity (or steam) but also effective metal recovery that would be impossible to obtain from a curbside recycling program. OCRRF features a state-of-the-art ferrous and non-ferrous recovery system. Pieces of metal that vary in size and composition, including rare earth metals, coins and other critical metallic resources are regularly removed. A modern recycling facility or MRF is unable to recover this type of metal commonly found in municipal waste streams. In Onondaga County, about 10,000 tons of metal is recovered annually from the OCRRF alone. The NYSDEC recognizes the importance of metal recovery benefit of MWC, as most recently discussed in their October 2018 memo strongly reinforcing “...New York State to increase and enhance recycling collection systems...” by encouraging the practice of MWC facilities to “...separate metal from the combustion ash residue, further reducing the waste that must be landfilled and redirections valuable material to recycling.”

Furthermore, MWCs are critical infrastructure essential to managing solid waste safely and efficiently, that cannot be otherwise recycled or composted. Any additional costs, such as those imposed by a carbon pricing, assessed upon these facilities due to the

electricity generated as a byproduct from processing solid waste, presents an unwarranted burden to critical solid waste infrastructure.

IV. Exempting WTE from NYISO Carbon Pricing Recommendations is Consistent with State Policy

I am pleased that the draft recommendations continue to be a work in progress. In the next iteration, OCRRA strongly urges NYISO to add MWC to the list (which begins on page 5 of the Carbon Pricing Draft Recommendation) of certain resource types that require special treatment within the wholesale energy markets to be consistent with State policy for the following reasons:

- a. Municipal Waste Combustors (MWC), as regulated under NYCRR Part 362, are primarily designed, used, and relied upon for the environmental sound volume reduction of solid waste that recovers electricity and extracts metal as a byproduct of its primary function;
- b. New York State, and the United States, both recognize that MWC are more desirable than landfilling according to the USEPA's Sustainable Materials Management waste management hierarchy;
- c. MWC energy generation is included in the state's 2014 25% renewable baseline; and
- d. MWC are excluded from the Regional Greenhouse Gas Initiative (RGGI) and the emissions intensity requirements of NYCRR Part 251 since they are not considered fossil-fuel fired electrical generation.

V. Solid Waste Planning Units cannot shoulder any further financial burden regarding the proper management of solid waste

What do collapsing recycling markets have to do with NYISO's Carbon Pricing Draft? Hopefully nothing, if MWCs are exempted. However, if additional costs are added to the local solid waste system, I feel compelled to share the context of the solid waste community's current financial distress.

You may have read about the collapse of the Chinese market for recycled paper and what that means to the economics of recycling. In Onondaga County, it means that our costs to recycle 38,000 tons of material annually has skyrocketed due to global market forces. For example, OCRRA's maximum exposure to volatile recycling markets was capped, through contract, at \$370,000. Due to the prolonged market downturn, the Force Majeure clause was triggered, and contract was cancelled. OCRRA's exposure is expected to be around \$2 million this year, if markets do not collapse further. This is about a 5-fold increase for the agency to ensure that these commodities live another life and the good habit of recycling continues while time is given for domestic markets to rebuild.

For 2019, OCRRA has adopted a steep tip fee increase to ensure it could make ends meet, despite the deep recycling market depression. I am testifying to NYS Assembly

regarding the recycling crisis and I will be seeking direct state assistance for municipalities so that the critical solid waste management practice of recycling continues across this state. The 12% of revenue that OCRRA receives from electricity produced by OCRRF is a small factor in ensuring the stability of our county's sustainable solid waste system.

In closing, I want to thank you for the opportunity to share Onondaga County's sustainable solid waste perspective on the Carbon Pricing Draft Recommendation. I urge the NYISO to explicitly exempt MWC from carbon pricing.

Sincerely,

Dereth Glance
Executive Director