



IWSA WEEKLY UPDATE
January 23, 2009

WTE DEVELOPMENTS

The House Ways and Means Committee yesterday approved a bill that would extend the production tax credit for new waste-to-energy capacity and other renewables for an additional three years. If enacted, units brought online by December 31, 2014 would receive the one cent per kilowatt-hour tax credit for a period of ten years. The Ways and Means passed the extension of the production tax credit as part of the stimulus, which passed on a 24-13 party line vote, provides roughly \$275 billion in business and individual tax breaks. The Senate Finance Committee is expected to take up its piece on Tuesday (Jan. 27), which includes a two year extension of the production tax credit for waste-to-energy and other renewables.

The U.S. Senate confirmed President Barack Obama's nominees to lead U.S. EPA and the White House Council on Environmental Quality. EPA Administrator Lisa Jackson and CEQ Chairwoman Nancy Sutley will play a key role in shaping policies that will affect waste-to-energy in the coming years. Jackson will be the first African American to lead EPA in its 38-year history. Jackson spent 16 years at EPA before becoming New Jersey's top environmental regulator in 2006 under Gov. Jon Corzine (D). Sutley takes over CEQ after most recently serving as deputy mayor of Los Angeles for energy and environmental issues. Before that, Sutley was California Gov. Gray Davis' energy adviser from 2002 to 2003. Sub-cabinet level appointments at EPA, such as assistant administrators for air and solid waste, are likely to be made in the coming weeks.

Newly appointed U.S. Senator Kristen Gillebrand (D-NY) wrote an op-ed this week in the Poughkeepsie Journal citing waste-to-energy as a tool in developing a “green” economy in the Hudson Valley of New York. Until she was appointed to the Senate this week to replace new Secretary of State Hillary Clinton, Gillebrand served as a congresswoman from New York’s Hudson Valley. In her op-ed, she noted that New York’s Hudson Valley has “the resources to provide the East Coast with clean, domestically produced energy, such as wind, solar, hydrothermal, geothermal and waste-to-energy.” IWSA will work closely with her to ensure she understands the full value and contribution of waste-to-energy facilities in her state.

A reminder: IWSA has moved. Our new location is: 1730 Rhode Island Avenue, NW, Suite 700, Washington, DC 20036. Phone number and email remains the same.

IN THE COMMITTEES

IWSA writes a letter to Senator Ron Wyden of Oregon supporting his amendment to increase the production tax credit payout for waste-to-energy and other renewables to the same levels attained by wind. (*Legislative Committee*)

IWSA conducts a conference call with Florida municipalities to discuss strategies to address processes underway in Tallahassee which will impact waste-to-energy. (*State and Municipal Committees*)

RELATED STORIES

A subsidiary of one of the nation's largest garbage haulers claims Florida Power & Light Co. is thwarting lawmakers' efforts to encourage the use of renewable energy in Florida. Wheelabrator Technologies Inc., a company that converts waste to energy and is owned by Houston-based Waste Management Inc., alleges that a standard contract FPL uses to offer to buy power from renewable-energy generators contains "unfair and burdensome terms." Wheelabrator's lawyers point out that Miami-based FPL hasn't struck any deals using the so-called "standard offer contract" since the legislature started requiring utilities to use such documents in early 2006. And they want the state's utility regulators to do something about it. "Not a single megawatt has been purchased or sold under any version of this contract," said Vicki Gordon Kaufman, a lawyer for Wheelabrator, during a Public Service Commission hearing Thursday in Tallahassee. That defies the spirit of the law requiring the contracts since the idea was to promote the development of renewable energy in the state, she said. Wheelabrator thinks FPL's standard offer contract is not viable because it holds renewable-energy plants to higher standards than FPL holds its own plants. Among Wheelabrator's complaints are that FPL can interrupt service at the renewable-energy plants, dictate maintenance schedules and require renewable-energy generators to reduce output at certain hours. The Public Service Commission is scheduled to weigh in on the issue April 7. (*Palm Beach Post 1/22/09*)

The steep global economic downturn is starting to take its toll on the voluntary carbon market, the United States and Canada's first foray into greenhouse gas emissions reduction credit trading. But despite the storm clouds that industry insiders say are now clearly emerging, most are surprisingly optimistic that North America's unregulated, capitalist-driven scheme will fare better than initially feared. Nevertheless, most expect 2009 to be a bearish year. While moves toward a U.S. compliance system will provide a much-needed boost, the effect will be limited as the business community is forced to focus on immediate economic problems. It's already clear that carbon trading globally, especially in credits and emission allowances under the European Union's mandatory scheme and the United Nations' Clean Development Mechanism, has taken a sharp hit in the economic downturn. The cost of carbon in these two systems generally tracks oil, coal and natural gas prices closely, so as oil prices have plummeted, so have carbon prices. Prices for E.U. allowances (EUAs) peaked at over €30 per metric tonne in July of last year, when crude oil prices hit a record \$147 a barrel. Now, with crude trading closer to \$40 a barrel, prices in the world's largest carbon market have similarly plummeted, to about €15 per tonne or less today.

The situation could get worse depending on the length and steepness of the global economic decline. But relief for most carbon markets worldwide could lie just over the horizon. But by far the biggest source of optimism for U.S. carbon market insiders is President Barack Obama's vocal commitment to move on domestic climate change legislation. (*ClimateWire* 1/23/09)

Worldwide economic troubles and the global credit crunch have contributed to one of the most precipitous drops in the recycling market that the industry has ever seen, according to officials in the recycling industry, but relief may be on the horizon in the form of President Obama's plan to focus on infrastructure issues. “Right now, everybody in the chain is losing,” said Bruce Savage, vice president for communications at the Institute of Scrap Recycling Industries. As recently as six months ago, Savage said, municipalities could collect residents' recyclables and turn around and sell that material to a scrap recycler or broker, which in turn sells it to either local recyclers and extruders or overseas companies, turning a profit either way. That all changed in the fall, when prices started plunging. From astronomical—perhaps even all-time—highs over the summer, prices fell to what Savage called an “almost unprecedented” low. Markets for paper, plastics, steel, iron, and other metals went from boom to bust practically overnight. Supply-and-demand economics are at the heart of the downturn, says those in the recycling industry. Depressed as the recycling markets might seem now, many in the industry predict that prices could begin to rise again soon. The Obama administration has proposed a sweeping stimulus plan that would inject hundreds of billions of dollars into the rebuilding of bridges, roads, and sewer systems. All of that building will require steel, and an uptick in demand will raise prices. (*Daily Environment Report* 1/21/09)

UPCOMING CONFERENCES & EVENTS

The 17th Annual North American Waste-to-Energy Conference (NAWTEC)
Chantilly, VA
May 18-20, 2009