

**STATE OF INDIANA**  
**INDIANA UTILITY REGULATORY COMMISSION**

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**COVANTA ENERGY CORPORATION'S COMMENTS ON  
PROPOSED ADMINISTRATIVE RULES FOR INDIANA CLEAN ENERGY  
PORTFOLIO STANDARD PROGRAM  
IURC RM 11-05**

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As the Indiana Utility Regulatory Commission (“IURC”) continues to work through its rulemaking process for the Voluntary Clean Energy Portfolio Standard, Energy-from-Waste (“EfW”), both in its steam generation or direct electricity production would play a pivotal role in helping the state achieve its renewable goals by creating renewable energy options, increasing economic activity in Indiana, reducing greenhouse gas emissions, and stabilizing the cost of electric generation to Indiana ratepayers.

EfW is a proven technology that converts typical municipal solid waste into base load steam and/or electricity. There are currently 86 such facilities operating in the United States, including one in Indiana (Covanta Indianapolis) which sells steam. As an economic driver, the development of a 1,500 ton a day EfW facility has around a \$1 billion local economic impact. As an environmentally safe process, the U.S. EPA has previously indicated that EfW facilities produce electricity with “less environmental impact than almost any other source of electricity.” Nationally, each ton of waste processed at an EfW facility offsets a ton of greenhouse gas emissions, offsets the need for a barrel of oil or ¼ ton of coal, and uses less land per megawatt hour than other renewable generation technologies. It is also typically one of the lowest cost renewable energy sources available. The European Union, China and Canada are experiencing significant growth in EfW as a direct result of policies that recognize the domestic renewable energy generation potential, job growth and municipal infrastructure offered by EfW. Within this context, Covanta Energy Corporation would offer the following:

1. The IURC’s clean energy standards should recognize and encourage the opportunities of repurposing existing clean energy resources to meet Indiana’s electric energy

needs within the foreseeable future. Such recognition and encouragement is supported by the Hoosier Homegrown Energy Plan. Notably, the Hoosier Homegrown Energy Plan recognizes the need to reduce the 75% of energy expenditures leaving the state. Recognition of existing clean energy resources such as the proven technology of converting solid waste to energy would allow for using products currently existing in Indiana to meet Indiana's energy needs.

2. Encouragement of energy from waste (EfW) will require contracts that recognize reasonable pricing as well as other benefits that flow from EfW. Such benefits include: the ability of EfW to provide baseload energy generation or distributed generation as needed; recognition that EfW is both a clean energy resource and a renewable energy resource; and that EfW creates significant economic impacts while reducing greenhouse gas emissions.

3. The Rules should create a process for the establishment and sale of Clean Energy Credits ("CECs"), both bundled with or unbundled by the clean energy resource providers. That process should authorize the clean energy resource provider to sell clean energy resources to any incumbent Indiana electric utility or any other entity without the clean energy resource provider being held to be a "public utility" subject to ongoing regulation with the IURC.

4. The Rules should include disincentives for participating electric suppliers such that once approval of a plan is obtained, the participating electric supplier is subject to penalties if its Clean Portfolio Standard Goals are not maintained or if "good faith efforts" to attain such goals are not shown to the IURC.

5. In keeping with the IURC's responsibility for balancing the interests of participating electric suppliers and those of their customers, the Rules should discourage use of participating electric supplier affiliates to provide clean energy resources.

6. To encourage the development of a strong, Indiana based clean energy resource market, the IURC should work with a third party administrator capable of verifying clean energy credits, tracking the use of such credits, and providing information to the IURC and all stakeholders.

7. The Rules should include mechanisms to avoid double counting of CECs or other incentives. Participating electric suppliers who have already initiated certain activities to meet prior orders of the IURC should not be awarded the additional incentives or recognition available under new clean energy rules.

8. To the extent that the Rules include consideration of the lowest cost options, such consideration should recognize the appropriate mix of clean energy generation options.

9. Standards for conversion of clean energy resources to megawatts should be established as part of the rulemaking process. As an example, the steam conversion calculation based on a straight steam turbine could be established at 9,000 pounds of steam equals 1 megawatt.

Covanta Energy Corporation respectfully requests that the Staff and Commission consider the foregoing comments in drafting its Strawman Rules.