

Class 2 REC Issues

Connecticut Class 2

- Energy from waste (“EfW”) is in Class 2 in CT’s RPS
 - Class 2 RECs have little value (approx. 60 cents)
 - Most, if not all, all Class 2 RECs remain unsold because of low value
- Over 50% of Class 2 RECs are earned from out-of state locations
- Landfill Gas systems in Class 1
 - Landfills are the 3rd largest source of methane
 - Much higher REC value (approx. \$55)
 - CT Energy policy (encouraging landfilling) contrary to solid waste policy (encouraging EfW)

Approximate Class 2 REC Revenues For In-State EfW Facilities

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Facility	Net MWH	Current Class 2 Revenue (\$0.60)*	
Bridgeport	478,410	\$	287,046.00
SECONN	131,500	\$	78,900.00
Bristol	106,622	\$	63,973.20
Mid-CT	390,426	\$	234,255.60
Wallingford	57,979	\$	34,787.40
Lisbon	111,542	\$	66,925.20
TOTAL	1,276,479	\$	765,887.40
*Assumes RECs are sold			

Approximate Class 1 REC Revenues

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Class 1 Revenue For:*		2012	
Wind		\$	7,590,000.00
Biomass		\$	115,368,000.00
Landfill Gas		\$	19,734,000.00
Others		\$	9,108,000.00
Total		\$	151,800,000.00

- 89% of Class 1 RECs from outside CT
 - Supporting out of state jobs
 - Not supporting in-state investments
- As the Class 1 Goal rises, the total future Class 1 compliance costs estimated to rise to be between \$334 and \$380 million by 2022.*
 - Class 2 Goal remains constant

*Based on the DEEP 2013 report. Assumes a uniform REC price across all sources and contracts.

Baseline Comparison: EfW In Class 1

Facility	Net MWH	Baseline Comparison - EfW in Class 1 (\$55)	
Bridgeport	478,410	\$	26,312,550.00
SECONN	131,500	\$	7,232,500.00
Bristol	106,622	\$	5,864,210.00
Mid-CT	390,426	\$	21,473,430.00
Wallingford	57,979	\$	3,188,845.00
Lisbon	111,542	\$	6,134,810.00
TOTAL	1,276,479	\$	70,206,345.00

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Adding Value To EfW Class 2 RECs

Modify Class 2 REC credits to specify that a Class 2 renewable energy generator that meets certain conditions will receive a REC price equivalent to 50% of the market price for Class 1 REC credits.

- To be eligible for the enhanced REC pricing, the Class 2 renewable energy generator must :
 - a) Prevent the generation of methane from Connecticut's trash
 - b) Reduce Greenhouse Gas Emissions

Adding Value To EfW Class 2 RECs

Facility	Net MWH	50% of Class 1 REC	
Bridgeport	478,410	\$	13,156,275.00
SECONN	131,500	\$	3,616,250.00
Bristol	106,622	\$	2,932,105.00
Mid-CT	390,426	\$	10,736,715.00
Wallingford	57,979	\$	1,594,422.50
Lisbon	111,542	\$	3,067,405.00
TOTAL	1,276,479	\$	35,103,172.50

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CT Public Supports EfW

- 89% of voters polled support the use of EfW
- Nearly two thirds of voters say they would pay more a month on their electric bill to support EfW
 - The median of support that people would be willing to pay was approximately \$3.75 more a month to support EfW

Methodology

The survey was conducted April 4-7, 2013 among 500 voters statewide in CT.

- The sample was stratified by party and region statewide.
- The margin of error for the overall sample of 500 at the 95% confidence level is $\pm 4.4\%$.