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Public Funds Up in Flames

The Incineration Industry Seeks Renewable Energy Subsidies

By Monica Wilson

IN THE SHADOW OF THE LARGEST GARBAGE BURNER in the United States, community activists in Detroit, Michigan are uniting and organizing to close an incinerator when the city's contract ends in 2009. Since it was built in 1989, the incinerator has been a leading source of pollution in the area and the largest source of debt for Detroit.

"We're saying, 'Close it down,'" says Rhonda Anderson, an environmental justice organizer with the Sierra Club in Detroit.

Thanks to community mobilizations like the ongoing work in Detroit, the incinerator industry has seen orders in the United States dry up over the past decade. By the mid-1990s, more than 300 incinerator proposals had been defeated in communities across the country, and there are now fewer incinerators in the United States than at any time in the last 20 years.

Monica Wilson is co-coordinator of the Global Alliance for Incinerator Alternatives (GALA).

Prodded by grassroots pressure, and confronted with evidence of incinerator projects like the one in Detroit, local governments have come to see incinerators as too costly and too dangerous to deal with local garbage problems.

But the U.S. incinerator industry hopes to find a new breath of life in efforts to combat global warming and alleviate U.S. dependence on foreign oil. The industry is now attempting to create new federal and state subsidies and incentives to keep incinerators afloat financially, on the grounds that they are an alternative source of energy.

HOW PHILIP MORRIS SMOKED DETROIT

In 1991, the city of Detroit sold its incinerator, built two years earlier, to a private trust to pay off a city deficit. The trust is owned by Philip Morris Capital Corporation and Aircraft Services Corporation, a subsidiary of General Electric.

Seventeen years after its construction, the incinerator

bonds are the largest sources of debt for the city of Detroit, which still owes over \$200 million on the trash burner. By the end of the contract in 2009, Detroit taxpayers will have paid over \$1 billion to build and operate the incinerator.

Detroit currently pays a fee of \$156 per ton of garbage burned at the incinerator, to cover the incinerator's operating expenses and debts — an amount more than five times as much as other cities in the region. "We're paying entirely too much. We're subsidizing the incinerator, and we're subsidizing other more affluent communities to burn their trash here," says Rhonda Anderson.

"If the city of Detroit had never built the incinerator and instead were sending its trash to a nearby landfill, it could have saved over \$55 million in 2003," says Brad van Guilder of the Ecology Center in Ann Arbor.

The contract between the city and the incinerator guarantees that if the Greater Detroit Resource Recovery Authority (GDRRA) faces budget shortages, the city's first financial obligation is to pay the required waste disposal fees. Paying the fees supersedes payments for police, fire and other city services.

Profit for Philip Morris and General Electric is not only guaranteed through the Detroit contract. State law requires Detroit Edison to purchase the incinerator's electricity and steam at above market rates.

This economic profile is not unusual for incinerators. They are frequently costly for communities, despite the lure of electricity sales. The expense of delivering required amounts of waste to local incinerators and the cost of the facilities themselves have repeatedly led towns and counties to face unexpected costs. New facilities cost hundreds of millions of dollars, depending on capacity and quality of air pollution reduction systems. Host towns typically lock themselves into high disposal fees and commit to send a certain amount of trash to the incinerator.

But the economic environment for incinerators is not as rosy as it once was. Garbage incinerators have in recent years lost guaranteed electricity sales that had been required in federal regulations. Federal law previously required utilities to buy power from incinerators and other sources considered "renewable." Other changes in the conditions by which energy contracts are made have also made it more difficult for incinerators to have a guaranteed and predictable market for selling energy.

WASTE COMPANIES ON WELFARE

Now, as the new Democratic-led Congress prepares to prioritize measures to support alternative energy, the incinerator industry is hungry for new incentives and subsidies.

A new collaboration between the incinerator and landfill industry associations, including the Integrated Waste Services Association and the Solid Waste Association of North America, is attempting to gain new subsidies for energy generation from both waste combustion and land-

fill gas. The federal Renewable Production Tax Credit program provides tax breaks to renewable energy generators like wind and solar companies. It currently applies to new or expanded incinerators through the end of 2008. The incinerator companies are now working to extend the credit for incinerators beyond 2008.

The credit is "important" to the industry, says Ted Michaels, president of the Integrated Waste Services Association, the incineration industry's trade association. "Waste energy is a capital intensive industry. Financing is an important part of that. The economics of the facility are critical about whether it gets built. The one cent per kilowatt tax credit can make a key difference about whether it gets built. Renewable energy is more expensive than conventional sources of electricity. They operate in margins. Any help we can get is appreciated. The tax credit has proven over time to be the most effective assistance you can provide to renewable industries."

The industry strategy is to insist that incineration is a "renewable" energy source as it is currently treated under the tax credit. "We expect that all technologies that currently qualify for tax credit will continue to qualify for tax credit," says Michaels. "I expect it to be very likely that all technologies that are currently included will continue to be included."

Another incentive that could increase energy market opportunities for the incinerator industry is a new national Renewable Portfolio Standard (RPS), likely a priority for the Democratic led Congress. An RPS would possibly require utility companies to purchase a certain percentage of their energy from renewable sources. What counts as renewable would be determined by the legislation.

ENVIRONMENTAL JUSTICE

Subsidies for municipal waste incinerators would make new incinerators more financially viable. That means more incinerators could remain open or even expand, and new incinerators could be built, worries Dr. Mark Mitchell, executive director of the Connecticut Coalition for Environmental Justice.

Hartford is Connecticut's lowest income city, and the second lowest income city in the United States. Seventy-eight percent of Hartford's residents are African American and Latino. Hartford is home to eight other regional waste facilities, including a municipal incinerator and sewage sludge incinerator.

The Hartford municipal waste incinerator burns waste from 70 more affluent towns, according to Mitchell. Connecticut Resource Recovery Association (CRRA), a quasi-governmental organization, owns the incinerator and solid waste facilities in Hartford and across the state. The city of Hartford is prohibited from opposing an expansion of the incinerator by its contract with CRRA, which was signed in 1982. The contract has no expiration date but terminates once the CRRA pays off all of its bonds.

Seventeen percent of Hartford residents have been

diagnosed with asthma. "As a physician, I am also concerned about releases [from burning] of the 82,000 chemicals used in commercial products, most of which have never been tested for health effects," says Dr. Mitchell. "If incinerators were located in wealthy communities, there would be a lot of research into cleaner approaches."

The Detroit incinerator is one of the largest sources of nitrogen oxides and sulfur dioxides in Wayne County, Michigan. These pollutants aggravate asthma and other respiratory illnesses and contribute to acid rain. Detroit's highest asthma hospitalization rates are clustered around the incinerator.

"The area where the incinerator is located is one of the poorest in the city of Detroit," says Rhonda Anderson. Like Hartford, the majority of Detroit's population is African-American, and the incinerator burns waste from nearby more affluent cities and suburbs.

"History has shown over the last 20 years that incinerators have been sited in the poorest communities. While all people are affected by toxic emissions, poor people and people of color are especially put at risk," says Bradley Angel, executive director of Greenaction for Health and Environmental Justice in California. Angel has worked with communities across the country to stop incinerators and other waste facilities.

"A 2001 study at the University of Hartford showed that waste facilities built since 1980 in Connecticut are disproportionately located in communities of color and low income communities," says Dr. Mitchell in Connecticut. "Environmental racism is alive and well."

STIFLING OTHER APPROACHES

Incineration deters pursuit of other ways to handle garbage, including by reducing waste and intensifying recycling. It's not just that cities have invested in a big furnace and figure they might as well use it. Incinerators require lots of trash so they can function continuously and efficiently, and cities typically obligate themselves to provide a certain amount to keep feeding the incinerator's fire.

As a result, curbside recycling is prohibited in Detroit. The city needs as much waste as it can get to fulfill its contractual obligation to the incinerator. Detroit is now the largest U.S. city without curbside recycling collection.

"When the incinerator was being debated, we didn't understand that this would mean preventing recycling in Detroit," explains Margaret Weber, a volunteer with Rosedale Recycles in Detroit.

Hartford faces a similar challenge. Many regional recycling facilities are located in the city, but Hartford has the state's second lowest recycling rate.

Benefits of recycling go beyond reducing waste. Recycling conserves more energy than incineration can produce, by creating new products from recycled rather than new materials, according to the U.S. Environmental Protection Agency. Using less energy translates into lower

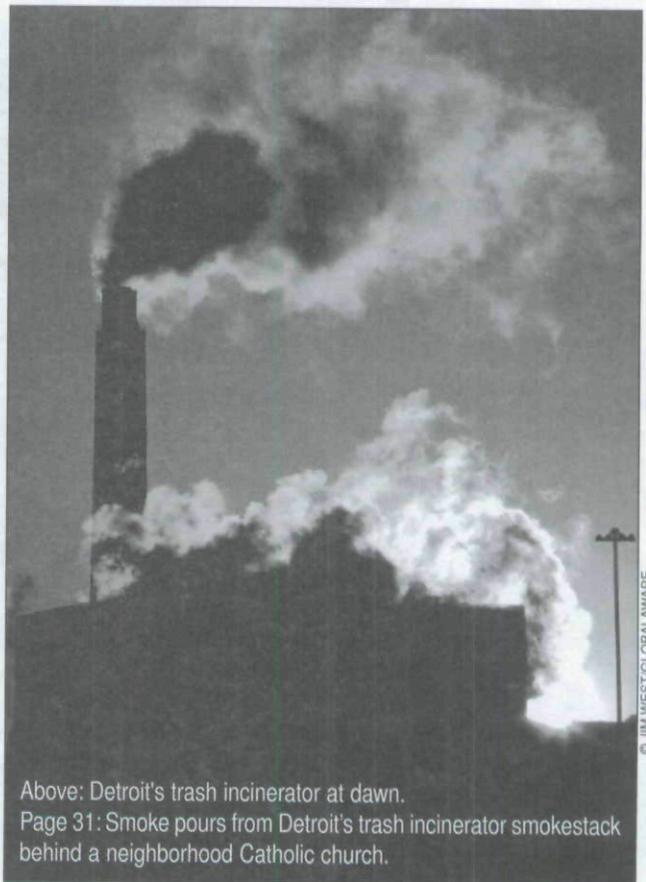
greenhouse gas emissions. Additionally, recycling of paper allows more trees to remain standing in forests and to continue to hold, or sequester, carbon.

Communities seeking local economic development are looking to recycling for green jobs. Recycling and the related industries of reuse, repair and composting also create more local jobs than incinerators or landfills. Research from the Institute for Local Self-Reliance has found that computer repair creates nearly 300 jobs for every one job at an incinerator or landfill. On average, the Institute estimates that 25 jobs are created in the recycling manufacturing industry for each job at a waste disposal site.

In January 2007, a local task force will recommend a new framework for Detroit's solid waste policy. Anna Holden, a member of the task force and the Southeast Michigan Sierra Club, explains, "We want a solid waste policy that would be cost effective, safe in terms of public health, meet the principles of environmental justice, and prioritize recycling and reuse of materials."

"All the way around, incineration is a bad deal," says Margaret Weber in Detroit. "There are other ways to manage our resources and benefit citizens with jobs and other opportunities. Incinerators are just too high a cost."

Rhonda Anderson agrees. "We want the city of Detroit to become a green city. What opportunities this could hold, in place of the asthma rates and lead and mercury poisoning. Our children would have a chance." ■



Above: Detroit's trash incinerator at dawn.
Page 31: Smoke pours from Detroit's trash incinerator smokestack behind a neighborhood Catholic church.