



GENERATECAPITAL

3-8-2019

Brielle Christian
Legislative Office Building
Room 307
Albany, NY 12247

Dear Brielle,

Generate Capital is a leading owner and operator of middle market infrastructure that builds, owns, operates, and finances infrastructure assets involving the world's critical resources: energy, water, wastewater, agriculture, and basic materials. We seek to invest capital effectively and have dedicated years of work to developing investment pathways with the greatest chance of success for both our investors and the planet.

New York is a priority state for Generate Capital and we are committed to investing in the infrastructure needed to facilitate the large-scale diversion of food waste for beneficial uses. We are currently the nation's largest owner of food waste anaerobic digestion (AD) facilities and believe in the growth of this sector. Three of our AD projects in our portfolio are located in New York state, totaling a potential to process over 150,000 tons of organic food waste every year. **We have the intention of investing several hundreds of millions of dollars into New York State food waste diversion infrastructure, however the current policy is not providing the right conditions to do so.**

The massive quantities of food that are currently wasted and disposed of in New York every year constitute significant financial and environmental burden, and therefore present a significant opportunity to:

- Reduce the need for future NY landfills,
- Avoid large NIMBY regions where new landfills will be built where the major issue is odor, something that is directly caused by organic waste in decomposition,
- Generate clean energy,
- Reduce/Eliminate methane release to the atmosphere, which is 20 to 25 times more harmful to the environment than CO2
- Return nutrients to farms,
- Feed the hungry,
- Save households and businesses money, and
- Contribute to job creation and broader economic development in Upstate NY where composting facilities and anaerobic digesters are located.

A bill has been proposed to address this food waste problem and give investors like Generate Capital the confidence to deploy large sums of capital in solutions like anaerobic digesters in New York State. If passed, the State Food Waste Prevention and Diversion Act would phase in a requirement that large generators of food waste divert this valuable resource from landfills, and instead donate edible food to food-kitchens; send inedible food waste to compost, anaerobic digestion, animal feed, or other organics recycling facilities.

Although the requirements currently under consideration would not address all food waste generated across the State, recycling would apply to all facilities generating at least two tons of food waste per week on average. Similar statutory and regulatory actions were adopted by New York City, Connecticut, Massachusetts, Rhode Island, and Vermont.

Any time new requirements for businesses are proposed, concerns arise. In 2017, a series of stakeholder meetings were held to solicit input and address concerns about the proposed Food Waste Prevention and Diversion Act, facilitated by the Pollution Prevention Institute and affiliated food waste policy experts. This input from a diverse group of stakeholders has been incorporated into the current version of the bill. In addition, a full cost-benefit analysis of this proposed bill was commissioned by NYSERDA in 2017 and found that the economic benefits to food waste generators would outweigh the costs by \$15-23 million in the first year and even more in subsequent years (after upfront costs are paid off). These findings align with experiences of large food waste generators in the states that have already started diverting food waste from landfills to higher uses. Since its implementation in 2014 Massachusetts' commercial food waste disposal ban has resulted in a 70% increase in commercial organics customers for haulers who are able to take advantage of the growing number of compost sites, anaerobic digesters, and de-packaging facilities across the state. An Economic Impact Analysis of the Massachusetts Commercial Food Waste Ban projects significant job creation and also quantifies the state tax revenue benefits.¹

Rochester Regional Health, which employs 26,000 people in upstate NY, is already saving money by separating their food waste and sending it to a biodigester. Wegmans Food Markets, which employs nearly 60,000 people, also has an aggressive food waste reduction and handling program that is benefiting communities where they operate and their bottom line.² Leading restaurants around the state, including Red Fern in Rochester and Ancolie in Manhattan area already diverting their food waste for beneficial uses.³

While these trailblazing voluntary efforts are laudable, in order to unlock large-scale investment in the sector in New York, action needs to be taken by all of the large food waste generators. The proposed bill, along with associated funding and administrative efforts, if enacted, would ensure that vastly more food waste would be recovered, recycled and prevented in the first place, all across New York State. It would help meet Governor Cuomo's bold greenhouse gas reduction targets, it would help provide certainty for investors like us, and it would help drive new economic development Upstate. For these reasons, Generate Capital strongly supports the passage of the State Food Waste Prevention and Diversion Act.

However, we do not support it in its current form. It has been brought to our attention that the bill as currently proposed contains a mileage exemption of 15 miles or less. Given the size and geography of New York State, limiting regulated generators to those who are within 15 miles of an organics processor, nearly completely undercuts the effectiveness of the bill. In particular, such a mileage exemption will leave out generators in numerous areas of western and central New York, and is completely out of step with typical distances that wastes are currently shipped around New York and the northeast.

¹ Recycling Works. <https://recyclingworksma.com/ma-organics-diversion-growth/>

² Pollution Prevention Institute (P2I). Grocery Store and Hospital – food waste case studies. <https://www.rit.edu/affiliate/nysp2i/food/news-and-updates>

³ P2I case study documents of Red Fern and Ancolie's food waste diversion efforts can be found here: <https://www.rit.edu/affiliate/nysp2i/sites/rit.edu.affiliate.nysp2i/files/The%20Red%20Fern%20Success%20Story.pdf>
<https://www.rit.edu/affiliate/nysp2i/sites/rit.edu.affiliate.nysp2i/files/Ancolie%20Success%20Story.pdf>

The two leading states on this issue—Massachusetts and California have no distance exemptions—though California has a waiver for rural districts. Other states in New England have distance exemptions of 15 to 20 miles and even though they are much smaller than New York, these exemptions appear to have greatly limited development of processing infrastructure in those states.

The experiences of these other states should serve as a cautionary tale as we craft our bill. We are in regular contact with colleagues at the Center for EcoTechnology, who have been very involved in the implementation of the Massachusetts landfill ban, and they were able to share some useful insight from Massachusetts, Connecticut, Rhode Island, and Vermont.

In Massachusetts, where there is no mileage exemption, they have seen a significant increase in the development of processing infrastructure, particularly anaerobic digestion. In Connecticut and Rhode Island, where they have 20 and 15 mile limits respectively, they have seen almost no new processing infrastructure. In other words, short mileage exemptions appear to have reduced the number of covered generators so that there is not enough demand for processing to drive new infrastructure development.

We would be happy to share our experiences as an investor as well as put you in touch with experts at the Center for EcoTechnology who can share detailed information about how these mileage exemptions have reduced investment opportunities in other states.

Thank you for your consideration of our thoughts. We welcome the opportunity to discuss our comments at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Jigar Shah". The signature is fluid and cursive, with the first name "Jigar" being more prominent than the last name "Shah".

Jigar Shah
President and Co-Founder, Generate Capital