

Plant closure spurs call to step back from Indy's Covanta deal

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A recycling plant in Montgomery, Alabama, that Indianapolis officials once touted as a successful model of “one-bin” combined waste and recycling has temporarily shut down, citing a drop in the commodities market.

Now, a major critic of Indianapolis’ plan to try the same thing here (<http://www.ibj.com/articles/52559-untested-one-bin-trashrecycling-solution-on-way>) fears it could face a similar fate.

The Montgomery facility, run by Infinitus Energy LLC, is “temporarily suspended” due to lower commodity prices

for its recyclables that have depressed the market.

In Indianapolis, Covanta plans to build

(<http://www.ibj.com/articles/55088-covanta-moving-forward-on-automated-recycling-plant>)

a similar automated facility for \$45 million near its Harding Street trash incinerator, designed to pluck recyclables from household trash.

“One key element of a successful materials recycling program is the ability to sell recovered material at a price that will support the recycling process,” said Infinitus CEO Kyle Mowitz in a written statement. “While our customers have been satisfied with the material we have reclaimed, unfortunately the market price for these materials has dropped dramatically.”

Covanta’s deal with Indianapolis to harvest recyclables from residents’ trash before the remaining garbage is incinerated has run into stiff opposition

(<http://www.ibj.com/articles/52169-lawsuit-over-covanta-recycling-center-plan-set-for-hearing>) from area recycling advocates.

The Infinitus closure should prompt Indianapolis officials to “step back from” the Covanta deal, since the company has touted the Montgomery facility as a comparable model to Indianapolis’, said Carey Hamilton, executive director of the Indiana Recycling Coalition.

“The closure of that facility should be a very strong signal to Indianapolis that their deal with Covanta is based on a false promise,” Hamilton said.

But Covanta is not deterred from its plans. The company said it was prepared for ups and downs in the commodities market.

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“Even at today’s depressed commodity prices, and if we were running the [new Indianapolis plant] today, it would still make sense for us to pull out as much material as we can to sell to the market for use in new products and to keep those recyclable materials out of landfills and our waste-to-energy facility,” spokesman James Regan said in an email to IBJ.

Covanta receives revenue by selling steam energy produced by its incinerator to Citizens Energy.

Meanwhile, Montgomery leaders and Infinitus plan to meet later this month to review a plan that could reopen the facility.

The Montgomery Advertiser reported that Mayor Todd Strange was floating a deal to investors and hoped to avoid the city’s taking ownership of the \$35 million facility.

Because of contractual “safeguards,” Indianapolis Department of Public Works spokesman Scott Manning said the city wouldn’t be in the same situation if Covanta’s facility were to shut down

Manning said, the city wouldn't be in the same situation if Covanta's facility were to shut down.

"There would be no scenario where the city would take possession and have to operate the facility through the municipal government," Manning said. "We're not a financial partner in the facility. We're effectively a customer."

In a pinch, he said, the city could fall back on its existing recycling programs.

"Hypothetically, if the Covanta plant were to suspend operations for any reason, the curbside subscription program will still be available," Manning said. "We'll still operate drop-off bins just as we do today. Our recycling program is a little more diverse than Montgomery."

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