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SUSTAINABLE BUSINESS

North America's Biggest Landfill Operator in Push to Turn More Trash Into Fuel

Waste Management is stepping up its production of renewable natural gas, which can reduce methane emissions



A Waste Management garbage truck at the Skyline Landfill in Ferris, Texas. Methane from decomposing waste is increasingly being captured, refined and used for fuel.

PHOTO: LUKE SHARRETT/BLOOMBERG NEWS

By *Dieter Holger*

April 28, 2022 8:00 am ET

Waste Management Inc., the biggest landfill operator in North America, is tapping a growing thirst for fuel made from trash.

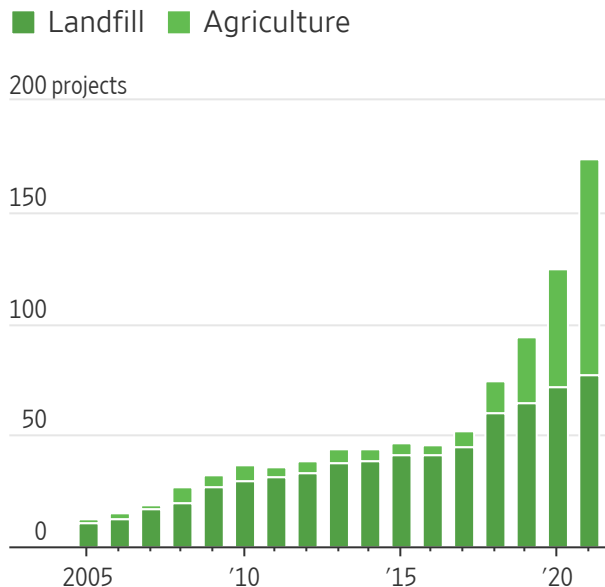
The Houston-based company said Thursday that it would invest \$825 million over the next four years to turn methane from garbage dumps into biomethane, a natural-gas substitute. Waste Management, or WM, said the funds will bring 17 new projects online across the U.S. and Canada by 2026, adding to the 16 it currently runs.

Biomethane, which companies refine and capture from decomposing waste using wells and pipes, is often called renewable natural gas because it comes from organic sources and can displace fossil fuel. Capturing methane reduces emissions of the greenhouse gas,

which is shorter-lived but far more potent than carbon dioxide. Still, the role the fuel should play going forward is contested, with some climate experts saying it could delay more effective emissions cuts.

Money from Muck

The number of U.S. renewable-natural-gas projects has been rising.



Source: U.S. Environmental Protection Agency

WM says the investment will help it run its fleet of natural-gas-powered vehicles on biomethane by 2026, reducing its own emissions. It expects to sell the gas to utilities, industrial companies and other organizations, such as colleges, that will pay more for a fuel that improves their environmental credentials, said Tara Hemmer, the company's chief sustainability officer. The premium paid for renewable natural gas over conventional fuel varies, with landfills tending to be the cheapest source, according to data provider BloombergNEF.

“Given that companies and governments are looking at decarbonization more broadly, we are seeing that there's strong demand...at higher price points,” Ms. Hemmer said. WM said it expects the projects to deliver \$400 million in annual earnings before interest, taxes, depreciation and amortization by 2026. It reported operating earnings on that basis of nearly \$5 billion last year.

WM has identified around 50 of its more than 260 landfills as suitable sites, based on the amount of waste they handle and their proximity to pipelines, Ms. Hemmer said.

The number of renewable-natural-gas projects in the U.S. surged from 125 to 174 last year, according to data from the U.S. Environmental Protection Agency, largely driven by the agriculture industry. Meat producers such as Smithfield Foods Inc. and energy companies such as Duke Energy Corp. are stepping up their production.

As states such as New York and California demand emissions cuts, many gas suppliers and pipeline operators see the fuel as a way to reduce emissions while using existing infrastructure. Last week, National Grid PLC laid out a plan to eliminate fossil fuels from its U.S. gas network by 2050 that relies in part on using more renewable natural gas.

However, some experts say relying on natural-gas substitutes risks delaying emission cuts. Renewable natural gas has a smaller carbon footprint than conventional fuel, but investing in wind and solar power and heat pumps would benefit the climate more and save consumers money, said Laura Feinstein, a researcher at the nonprofit Sightline Institute. She said that using renewable natural gas doesn't prevent methane escaping from leaky pipelines, and argued that the gas industry is overstating how much of the fuel will be available.

The Coalition for Renewable Natural Gas, which counts WM, Chevron Corp. , Shell PLC and Duke Energy Corp. among its members, says the fuel accounts for just 0.03% of the U.S. gas market, but could cover 75% of current U.S. residential demand or 45% of industrial demand by 2040. Other estimates are less bullish due to constraints such as competing demand for waste material. An analysis conducted this year by consulting firm ICF International Inc. found that renewable natural gas could meet more than a third of U.S. gas demand for certain sectors, against a backdrop of declining overall gas consumption.

Ms. Hemmer of WM acknowledged the uncertainty, but said the case for making use of captured methane is strong. WM said its investment will avoid about 1.3 million metric tons of greenhouse-gas emissions by 2026, or roughly 3 billion miles driven by a typical gasoline-powered car.

“Why wouldn't you use a resource that would otherwise be wasted?” she said.

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