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Borough of Chambersburg

A full service municipality in Franklin County celebrating over 65 years of consumer owned natural gas service over 120 years of community electric and a regional wastewater, water, storm sewer and municipal solid waste utility

CHAMBERSBURG ENTERS INTO CONTRACT EXTENSION FOR ELECTRICITY GENERATED FROM LANDFILL GAS

Chambersburg, Pennsylvania – Since 2012, the Borough of Chambersburg, Pennsylvania's largest public power system, has been consuming electricity from a landmark landfill gas to electricity power plant, which was built at Progressive Waste's Blue Ridge Landfill in Scotland, Pennsylvania. Energy Power Partners or EPP now owns this facility, originally developed by a division of the PPL Corporation. The Borough of Chambersburg and EPP have been cooperating on an extension to the original contract, entered into in 2011, which would have ended at the end of 2022.

"This power comes from the gas generated by 'recycling' the Borough's waste," said Borough Manager Jeffrey Stonehill, who also serves as Director of Utilities for the Borough of Chambersburg. "Recycled gas to electricity is good for the environment and, in this case, provides baseload electricity for our Borough power system, saving us from having to buy power off the grid."

The original arrangement with PPL included the Borough's construction of a power line, dubbed "the extension cord", which delivers the electricity from the landfill to the Borough. An Alternative Energy Grant from the Pennsylvania Commonwealth Financing Authority made that part of the project possible. GMS Funding Solutions of Carlisle, Pennsylvania, represented the Borough of Chambersburg on that grant application. Borough Solicitor, Bryan Salzman of Salzman Hughes said of the extension cord, "the Borough and the Commonwealth invested in this important component of the project and we want to make sure that it continues to provide alternative energy for the Chambersburg community for years to come."

"Best yet," added Borough Electric Department Superintendent Ronald Pezon, **"the contract extension lowers the price of the energy that we are consuming from the project."** He went on to explain, "The new arrangement with EPP allows the Borough to purchase this electricity at a significant discount, saving the Borough \$7.8 million in power costs over the next twelve plus years. Such a significant savings leads directly to lower electricity bills for our customers."

In fact, according to Stonehill, the proposed 2020 Budget currently being reviewed by Town Council includes a 1.98% across-the-board reduction in retail rates for Borough electric customers. "This would be the fourth electric rate reduction in the past seven years," according to Stonehill, "and, would save the typical residential customer about \$2 per month."

Methane-to-energy systems at landfills have a dual benefit for the environment - they generate electricity from renewable fuel while also eliminating emissions of methane, a gas that may contribute to global climate change. **This power plant, for example, prevents the release of the equivalent of 33,000 tons of carbon dioxide emissions each year.**

Chambersburg has been acquiring the full output of the electricity under a Purchased Power Agreement (PPA) for an initial 10-year term, 2013-2022, at a fixed price of \$63/MWh for the entire term with no additional delivery or congestion fees as the connection is made to a substation within Chambersburg's power system. From the beginning, there was the potential to invest in further future generation over an extended term of the agreement. The new price will be \$51/MWh for all hours fixed. More importantly, we were able to negotiate that price starting January 1, 2020. Therefore, the overall cost savings on this PPA over current contract price (if the parties would have simply extended it another 10 years at the present price of \$63/MWh) is approximately \$7.8 million. The Borough will start saving approximately \$600,000 per year starting in January 2020 over what the Borough was paying EPP for the same power. Further, all of the protections of the original agreement have stayed in place. Recognizing the immediate cost savings over the current contract term, Pezon estimates the true cost of power for the contract extension to be approximately \$43/MWh. "This is a very competitive power supply cost and reflects the behind the meter nature of the project."

The electric energy produced from this facility represents an approximate 15% slice of all the power in Chambersburg. “This means,” according to Stonehill, “that **15% of all the electricity in Chambersburg is from a renewable green energy source.**”

On Monday, November 18, 2019, the Chambersburg Town Council entered into this contract extension with EPP at a public meeting.

Present at the meeting was Steve Gabrielle, Partner at EPP, to thank the Borough for this project extension. “Harnessing landfill gas to create renewable electricity provides many benefits to the Borough, its residents and the entire Commonwealth. The project provides a sustainable, lower carbon supply of energy and increases the energy independence of Chambersburg from the utility grid, all while providing a long-term financial benefit. EPP looks forward to continuing its partnership with the Borough.”

Town Council President Heath Talhelm pointed out that this is a very important partnership for the Borough of Chambersburg.

“We are able to extend this project,” added President Talhelm, “and in doing so, the Borough of Chambersburg extend our commitment to renewable energy and lower electric rates. President Talhelm noted that the proposed 2020 Budget includes a proposal for a small retail electric rate decrease.”

Jeffrey Stonehill pointed out that “the savings from the contract extension will begin as early as February 2020. The electric bills issued in February 2020 for January 2020 electric usage will reflect the decrease.”

If you have any questions about the landfill gas to electricity project extension, call Ronald Pezon, Electric Department Superintendent, at 717-251-2426 or rpezon@chambersburgpa.gov

Chambersburg is a unique community. Chambersburg supplies more services than any other municipality in the Commonwealth of Pennsylvania. In addition to typical town functions, Chambersburg is Pennsylvania’s only municipality supplying electric and gas. Chambersburg is one of 35 Boroughs to operate a municipal non-profit electric utility. **Chambersburg is the largest municipal electric utility in the State**, twice as large as the second largest, Ephrata, Lancaster County; and, the only one to operate generation stations. Chambersburg is one of only two municipalities in PA to operate a natural gas utility. The other is Philadelphia, which does not operate an electric utility. Nationally, Chambersburg is one of 2,000 communities to have its own electric system and 1 of 800 communities to have a natural gas system but 1 of only about 50 to operate both. Chambersburg manages a regional water system, a regional sanitary sewer system (not through an independent Authority), and a new storm sewer utility; one of the first storm sewer utilities to form under the new Federal mandate to regulate stormwater.

Chambersburg currently has 20,508 residents (2013).