



Connecticut Department of Energy and Environmental Protection



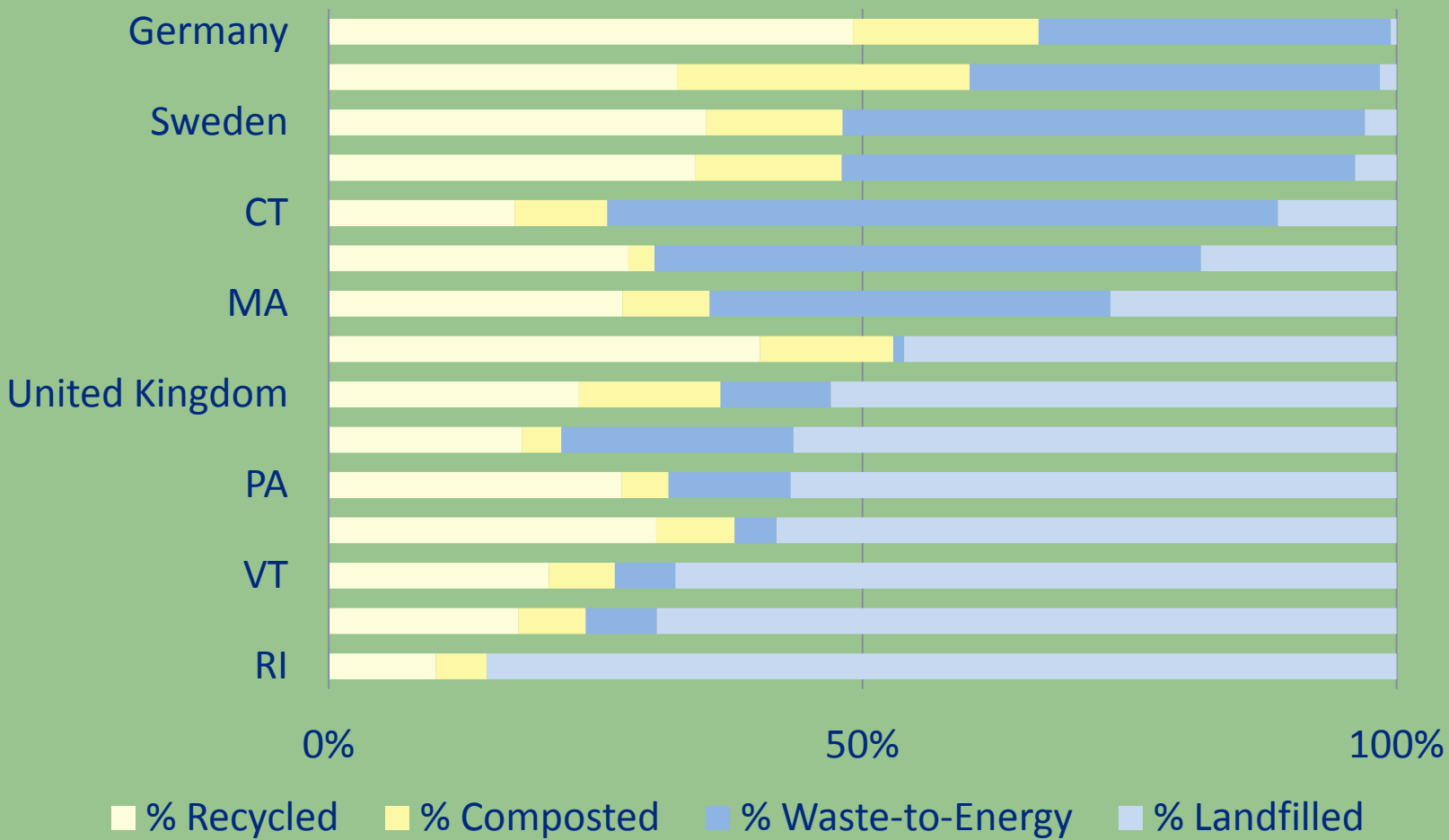
Tipping Fees and Municipal Power Purchase Agreements A Boost for RRF Sustainability?

9.25.13



Connecticut Department of Energy and Environmental Protection

Connecticut is a Leader in Waste-to-Energy



Resource Recovery faces a significant revenue threat from depressed electricity pricing

- Waste to energy facilities have two revenue streams: Energy and Tipping fees
- Energy is up to 2/3rds of a facility's revenue and critical to viability
- CT has five WtE facilities handling virtually all MSW, 2.2 mill. tons



Above-market prices in long-term PPAs are expiring

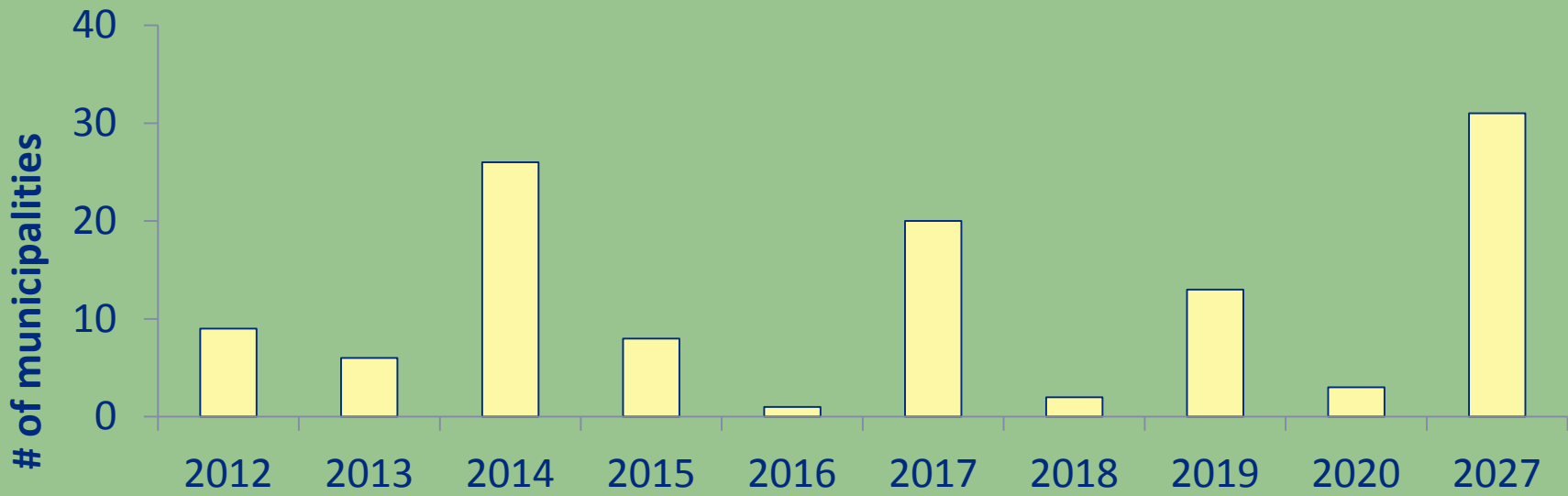
Power Contract end dates and current pricing

Facility	2013	2014	2015	2016	2017	2018	2019	2020
MidConn	.028/ KWh							
Bristol	.083c/KWh							
Preston	.24c/KWh							
Bridgeport	N/A							
Wallingford	Market Rate							
Lisbon	0.114c/KWh							



As long term PPAs expire, so have long term municipal contracts with RRFs

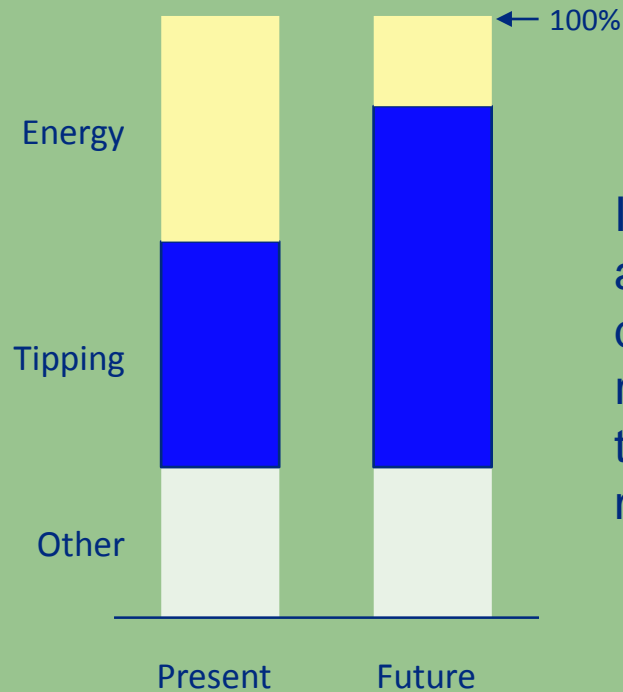
Last of original long term contracts are expiring, many new contracts are expiring on or before 2017



Includes municipal contracts with a solid waste company, a RRF, a RRF through a regional resource recovery authority, regional operating committee, etc.; data for 119 municipalities reflected



Costs will ultimately be passed on to municipalities in increased tipping fees



Increases in tipping fees are expected to offset decreases in RFF power revenue, passing along the cost of a changing market to municipalities.

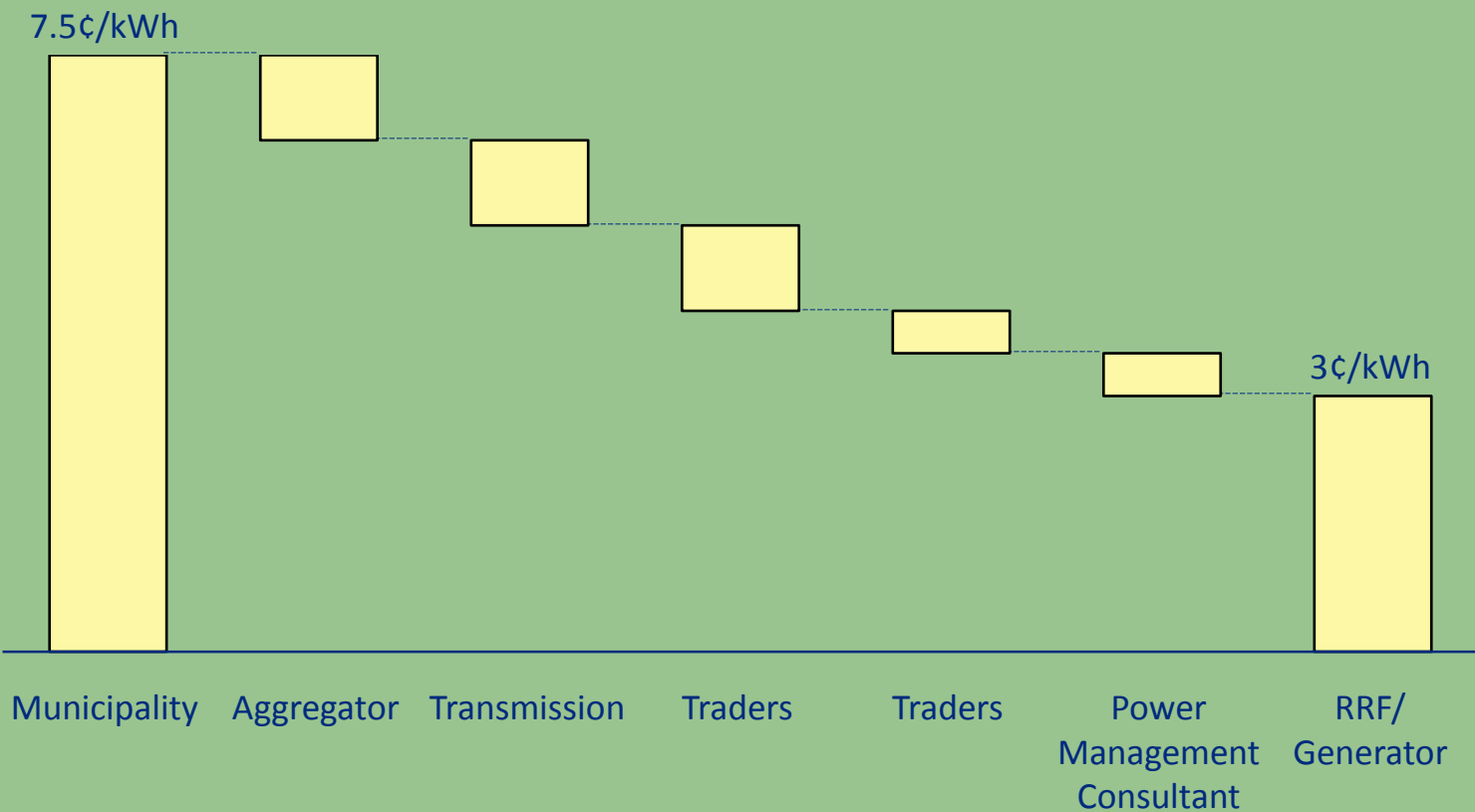


Bilateral Contracting

Participating municipalities would be able to buy into a two-way contract that ties tip fees to power generation prices—
Creating savings in both areas by removing one of several middle men in power delivery.



Bilateral Contracting



Bilateral contracting seeks to partially offset increases in tipping fees for municipalities by removing intervening cost factors in power pricing.



Next Steps

- Quantify the economic benefit to municipalities and RRFs as a result of bilateral contracting
- Understand statutory and regulatory hurdles
- Create a legal framework for agreements
- Develop a successful pilot agreement between a RRF and municipalities



Discussion/Questions



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