

Power Purchase Agreement

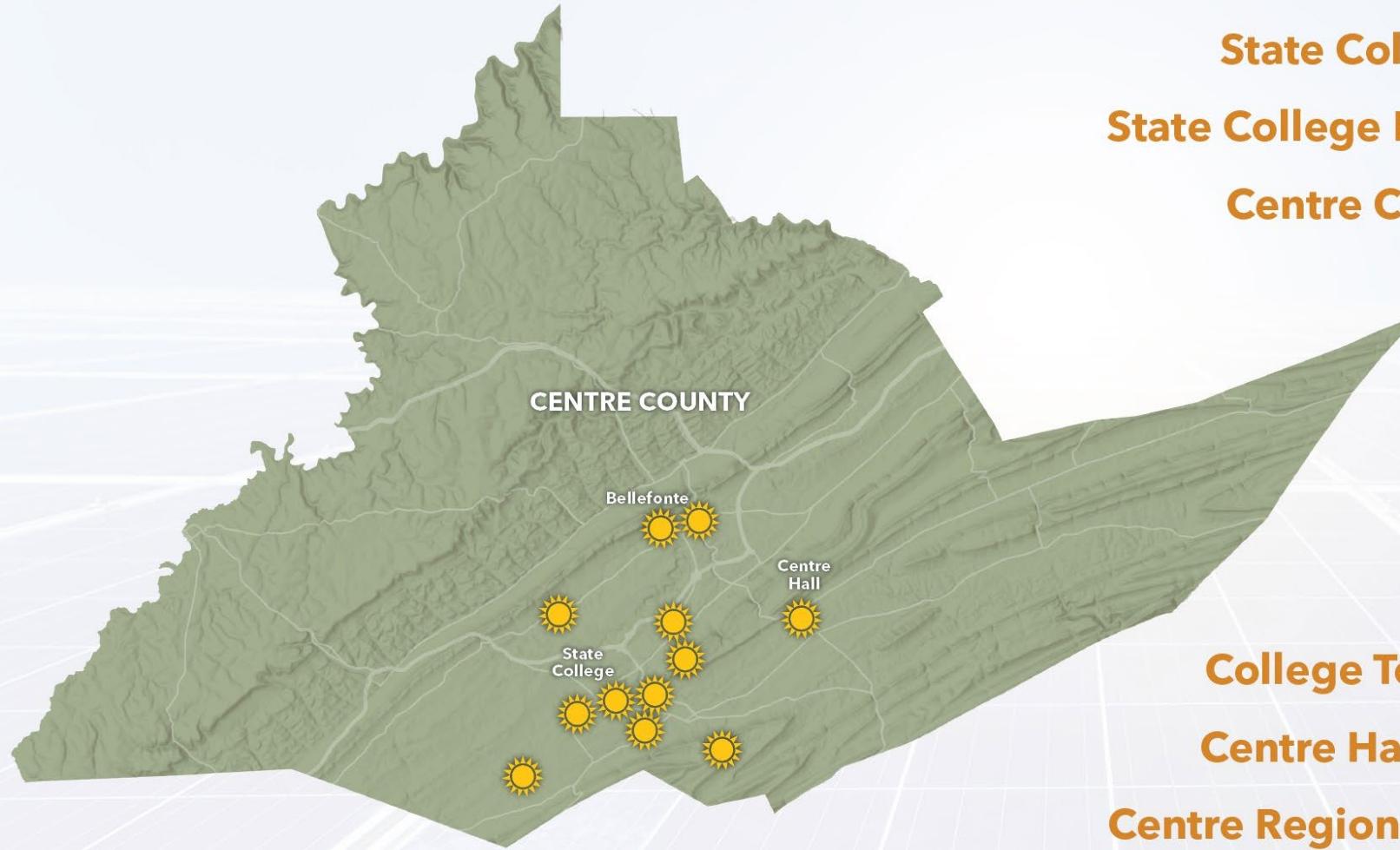


Agenda

- Overview
- Contracts
- Rates & Market
- Project Costs
- Next Steps

Ferguson Township Board Meeting
January 16, 2024

SPPA Working Group



- Centre County Government**
- State College Area School District**
- State College Borough Water Authority**
- Centre County Housing Authority**
- State College Borough**
- Ferguson Township**
- Harris Township**
- Patton Township**
- College Township**
- College Township Water Authority**
- Centre Hall Potter Sewer Authority**
- Centre Region Council of Governments**

WHY - Guiding Principles

- A. Aggregate purchasing power to reduce costs – **more competitive rates**
- B. **Mitigate** exposure to **budget volatility** and price increases inherent in the electricity markets in addition to meeting sustainability and climate goals
- C. Contribute to the global effort to **mitigate** the **risks of climate change**
- D. **Promote solar** market prosperity and **jobs growth** in Pennsylvania
- E. **Educate** constituents about renewable energy benefits and risks
- F. Promote **diversity of the energy grid** and reduce dependence on fossil fuels
- G. Provide structures **aesthetically compatible** with the facilities surrounding neighborhoods

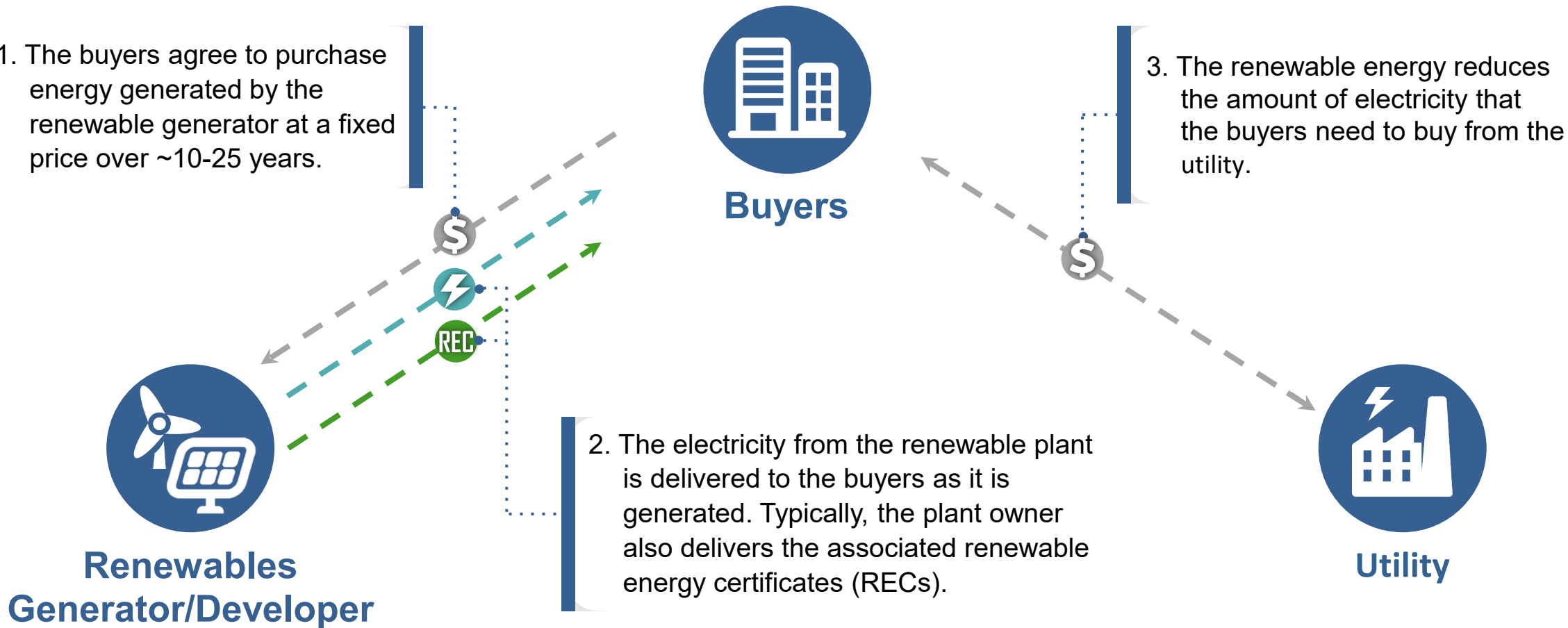
Power Purchase Agreement

For aggregation to be possible, buyers need to be located nearby and in a retail choice market.

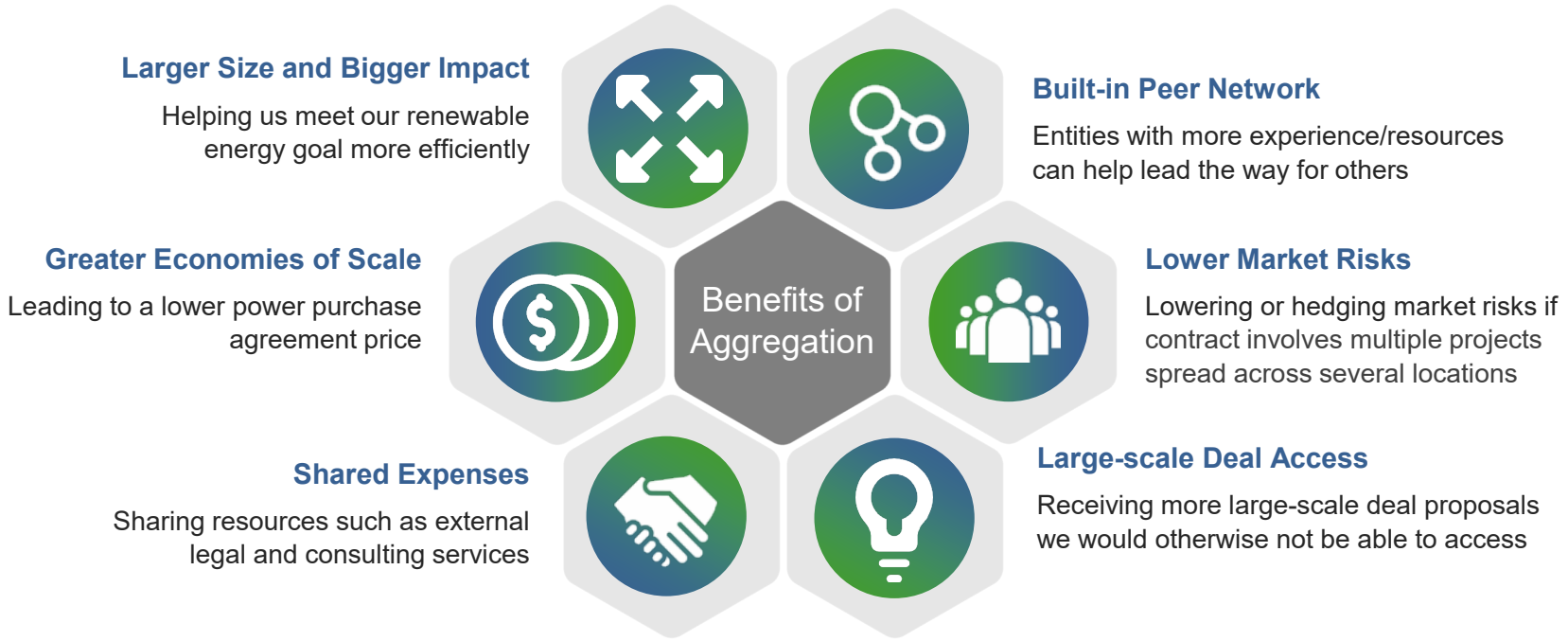
1. The buyers agree to purchase energy generated by the renewable generator at a fixed price over ~10-25 years.

2. The electricity from the renewable plant is delivered to the buyers as it is generated. Typically, the plant owner also delivers the associated renewable energy certificates (RECs).

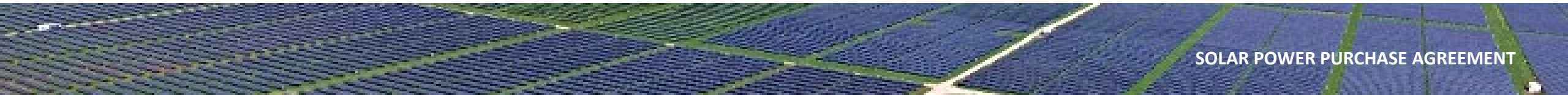
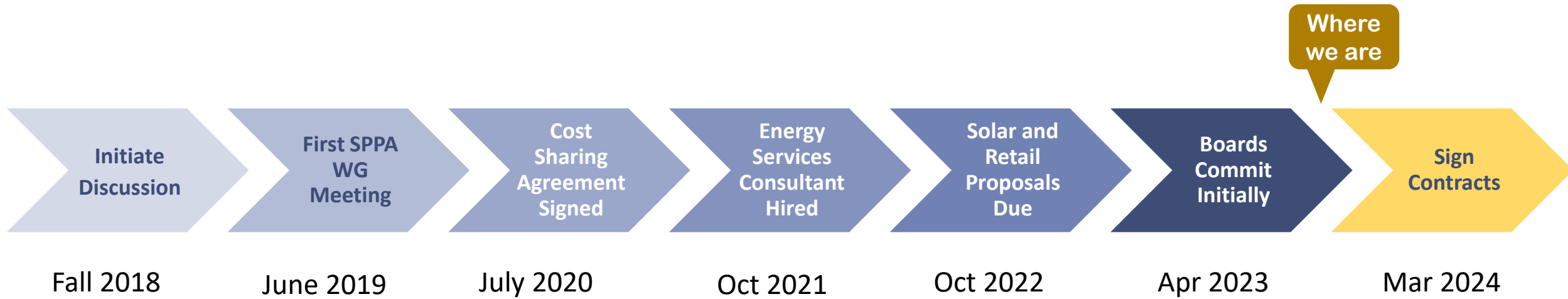
3. The renewable energy reduces the amount of electricity that the buyers need to buy from the utility.



Benefits of a joint PPA



HOW - Milestones for PPA Process



Co-Develop PPA Contracts

SOLAR DEVELOPER

Prospect 14

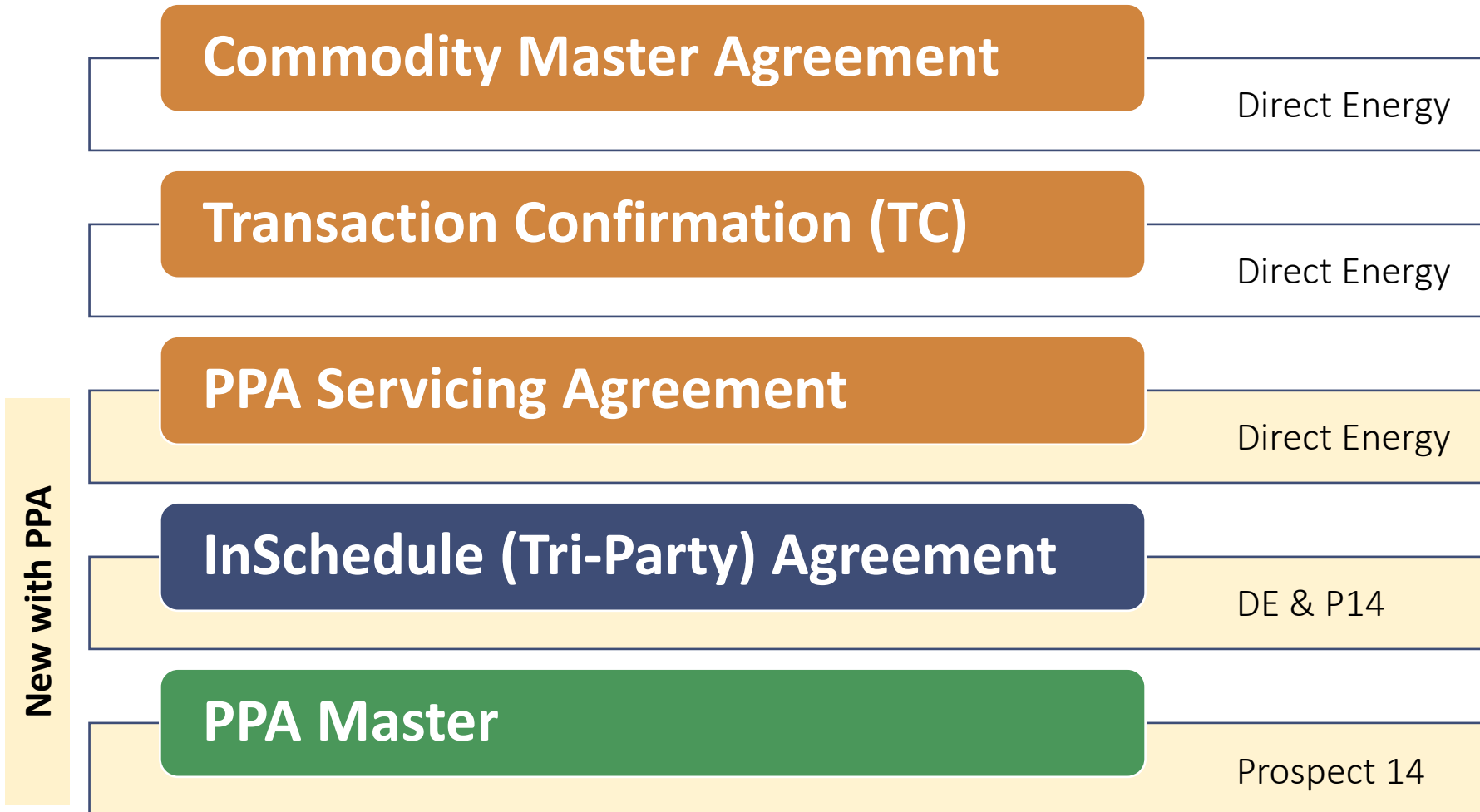
- Contract is 15 years
- Entities receive % of electricity from solar generation
- The solar PPA is at a “fixed” price
 - There is a 1.5% escalator and settlement cost of ~+/- 5% annually

RETAILER

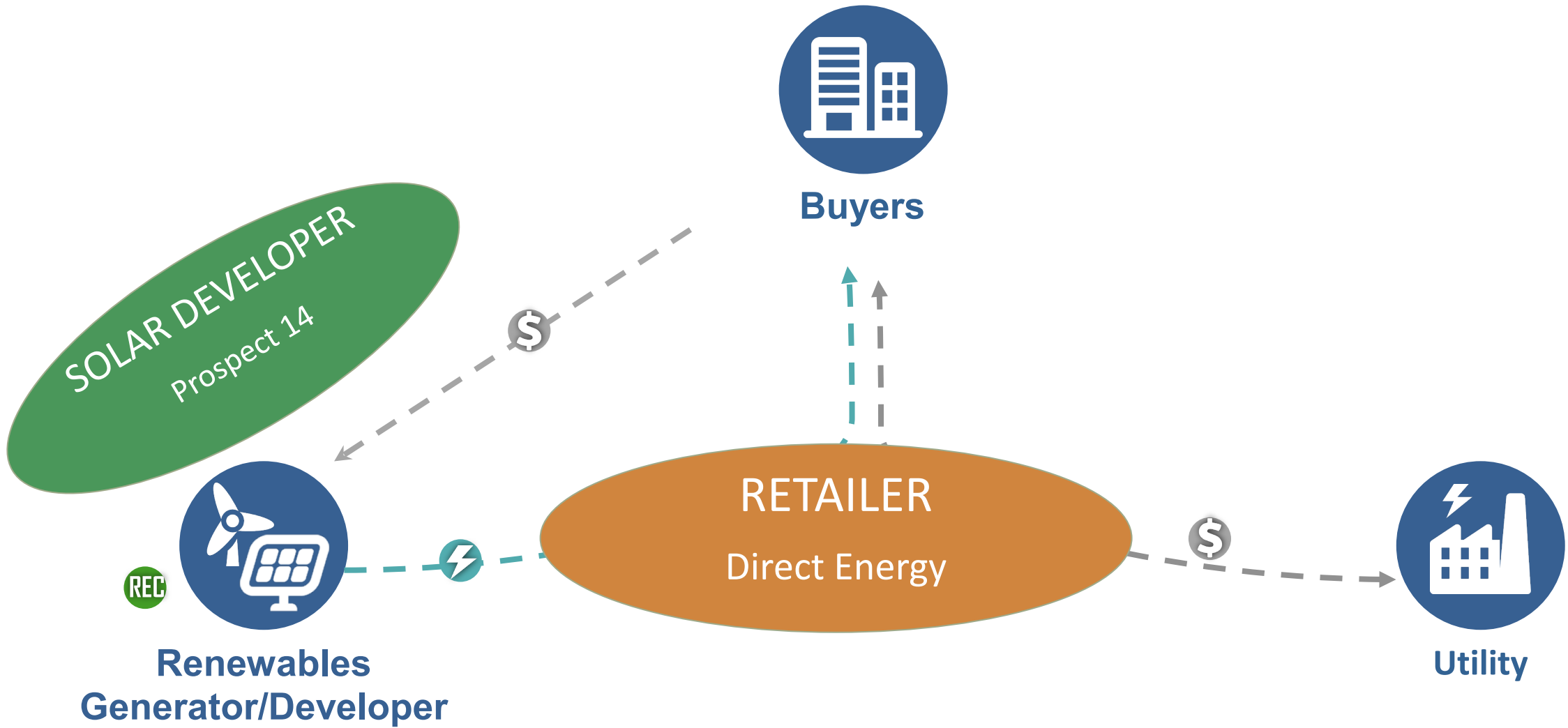
Direct Energy

- Contract is 5 years
- Manages solar distribution
- For the energy usage not-covered by solar generation
 - Either fixed price or left at market price

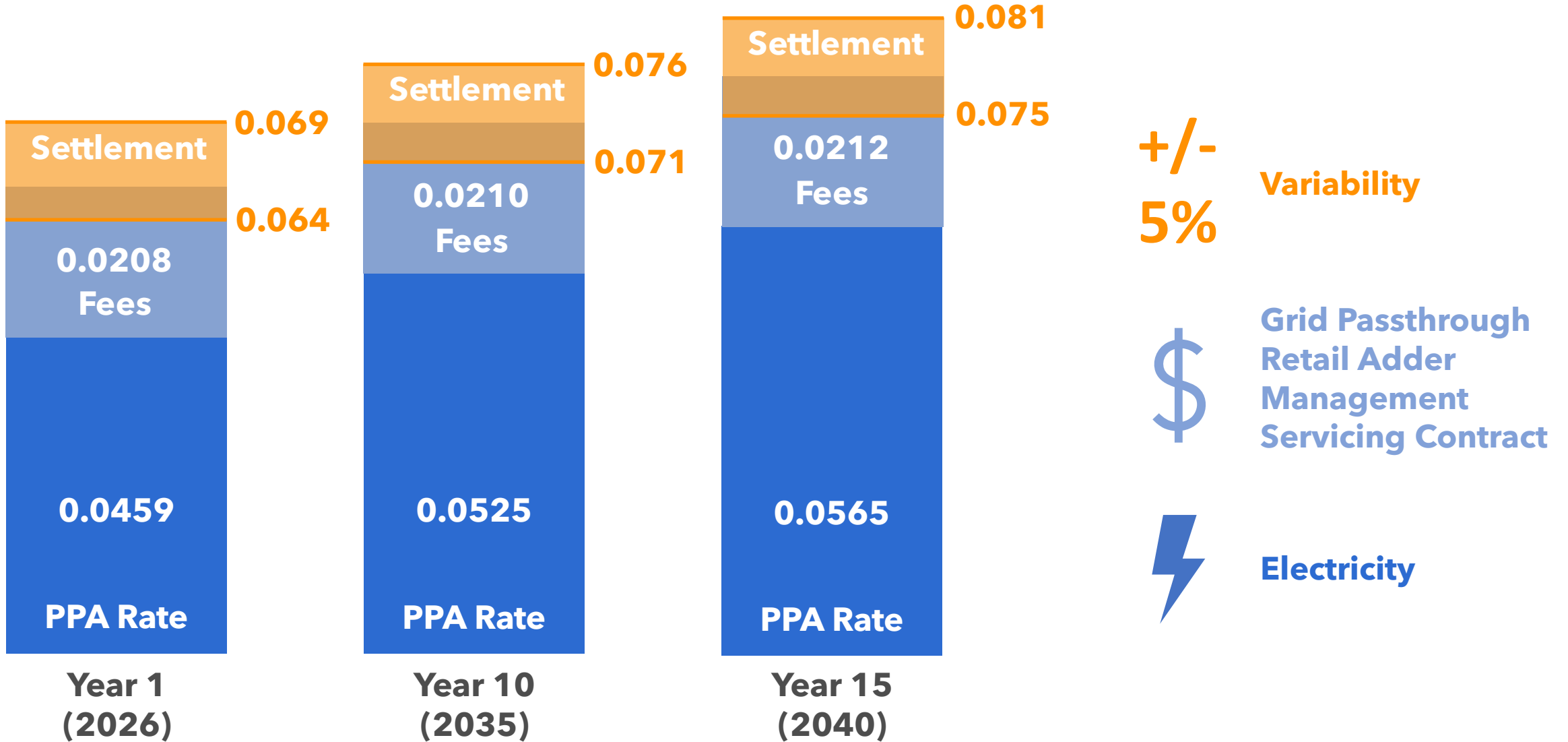
Co-Develop PPA Contracts



PPA Process



Electricity Supply: Projected Rates per kWh

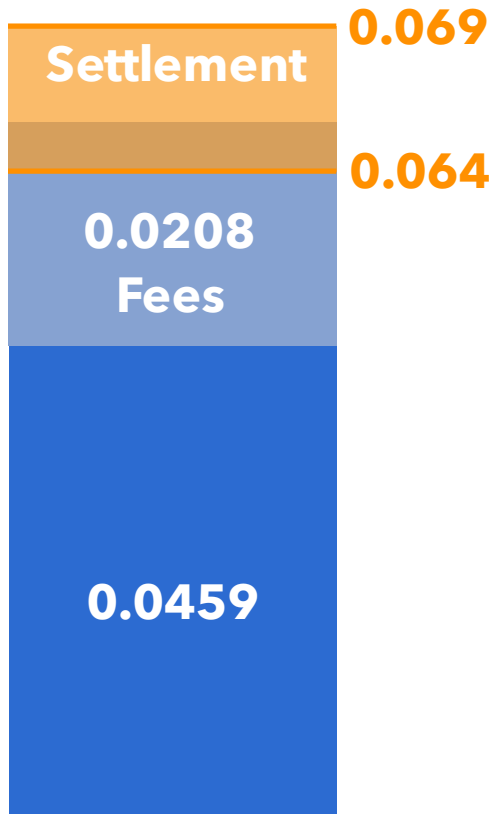


Future Market Prices

Electricity portion only



Potential for Savings: Year 1



**PPA Rate
(2025-26)**

State College Borough Water Authority Example:

$$= \$0.0045 * 4,847,987 \text{ kWh} = \$21,816$$

$$= \$0.0095 * 4,847,987 \text{ kWh} = \$46,056$$

Estimated savings in Year 1
for the Working Group =

\$124,000 – \$263,000



**SCBWA
Contracted Rate
(Dec 2025)**

PPA PROJECT COSTS

	Consultant	Legal Review	Total		P14 Payment	Total
TOTAL WG	\$69,725	\$165,000	\$234,725		(\$60,000)	\$174,725
Ferguson	\$1,212	\$3,007	\$4,219		(\$1,148)	\$3,072

2024-2025
timeframe

Next Steps

- | | |
|---------------------|---|
| Jan 24, 2024 | SPPA Working Group Meeting: review contract in detail and forward to boards / councils for comments |
| February | Boards and councils discuss the PPA contracts |
| Feb 14 | SPPA Working Group Meeting: review comments and questions |
| Feb 28 | SPPA Working Group Meeting: review and forward to boards/councils for approval |
| March | Boards and councils approve the PPA contracts |
| April | PPA Contracts are awarded |

Questions?