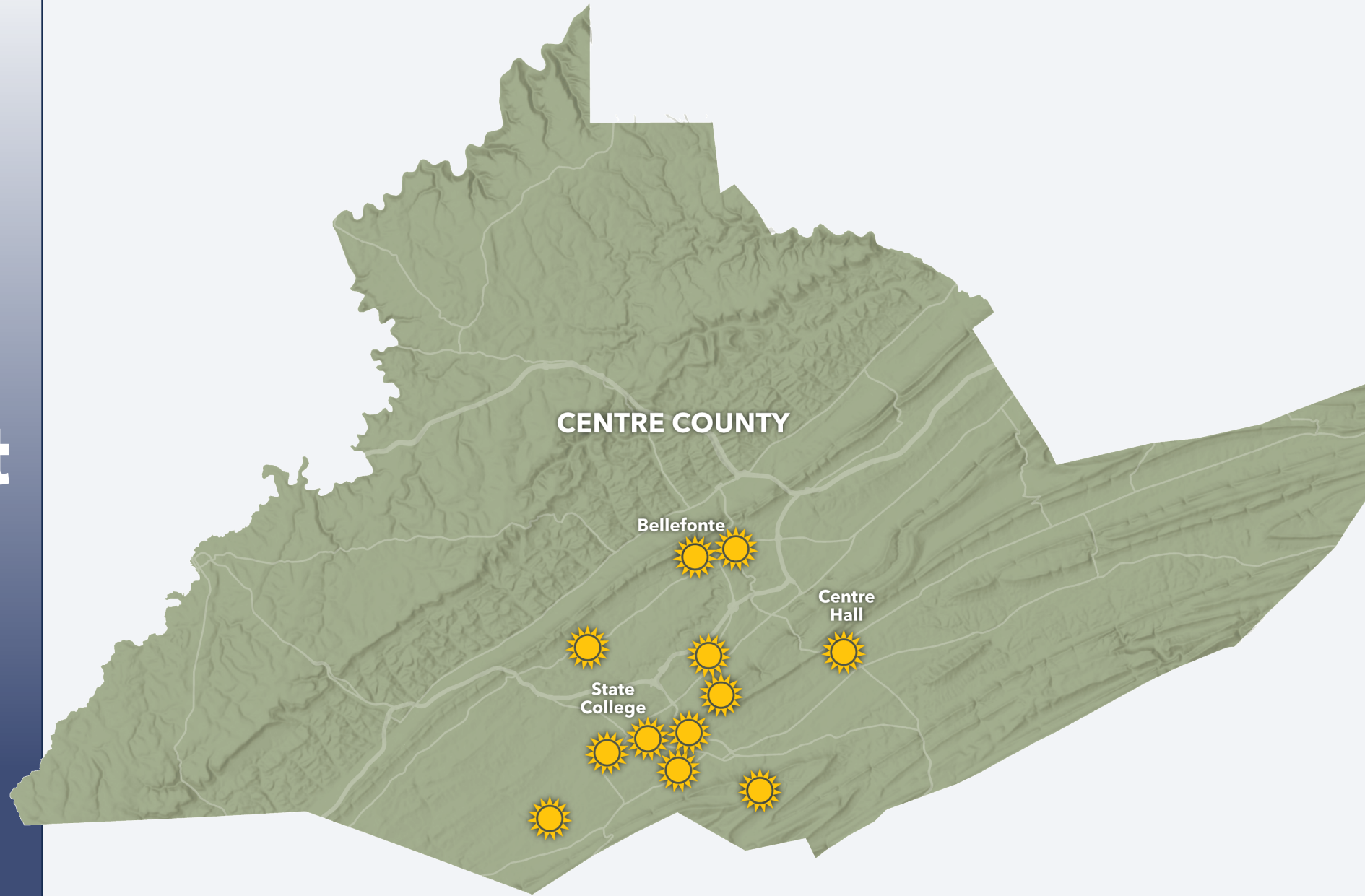


**Power  
Purchase  
Agreement  
(PPA)  
Update  
February 2024**



# WHY - Guiding Principles

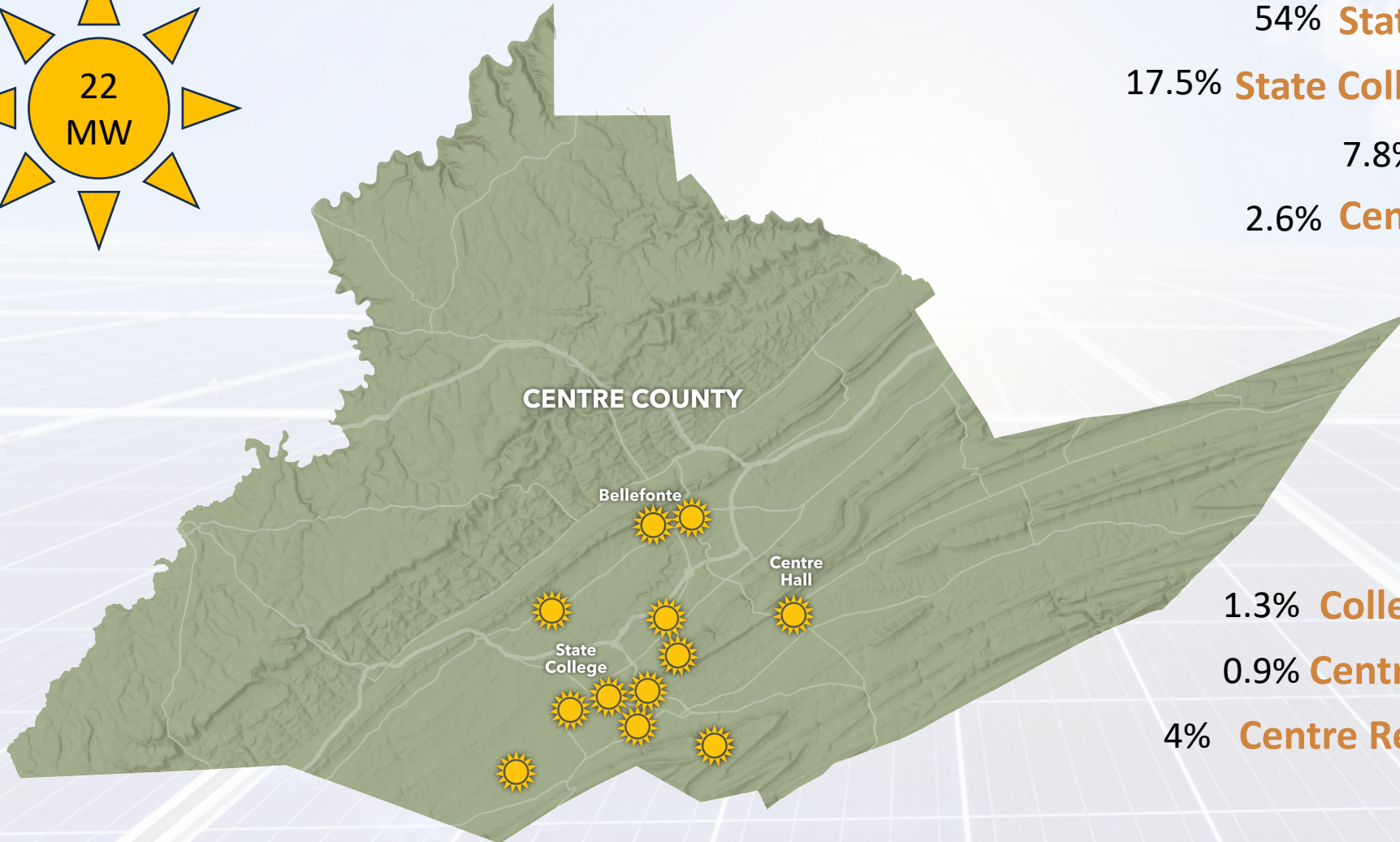
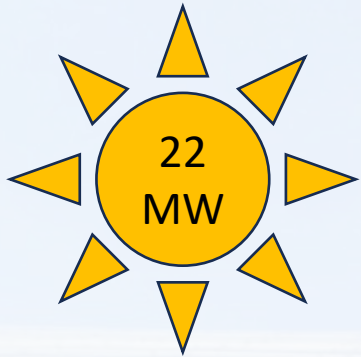
- A. Aggregate purchasing power to reduce costs – **more competitive rates**
- B. **Mitigate** exposure to **budget volatility** and price increases inherent in the electricity markets in addition to meeting sustainability and climate goals
- C. Contribute to the global effort to **mitigate** the **risks 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 Process



- Doable
- Climate action
- Public wants it
- Fiscally responsible

# SPPA Working Group



- 54% **State College Area School District**
- 17.5% **State College Borough Water Authority**
- 7.8% **Centre County Government**
- 2.6% **Centre County Housing Authority**
- 7.5% **State College Borough**
- 1.9% **Ferguson Township**
- 1.4% **Patton Township**
- 1.1% **College Township**
- 0.3% **Harris Township**
- 1.3% **College Township Water Authority**
- 0.9% **Centre Hall Potter Sewer Authority**
- 4% **Centre Region Council of Governments**

# Electricity Procurement

## Current

- Electricity Contract, 1 – 5 years
- West Penn Power (WPP) Electricity invoice, monthly, bundled distribution and generation costs

## Future

- Fixed rate for electricity from solar, 15 years
- WPP Electricity invoice, monthly, distribution
- Direct Energy invoice, monthly, generation
- Energy Services invoice, annually

# Power Purchase Agreement Structure

## 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

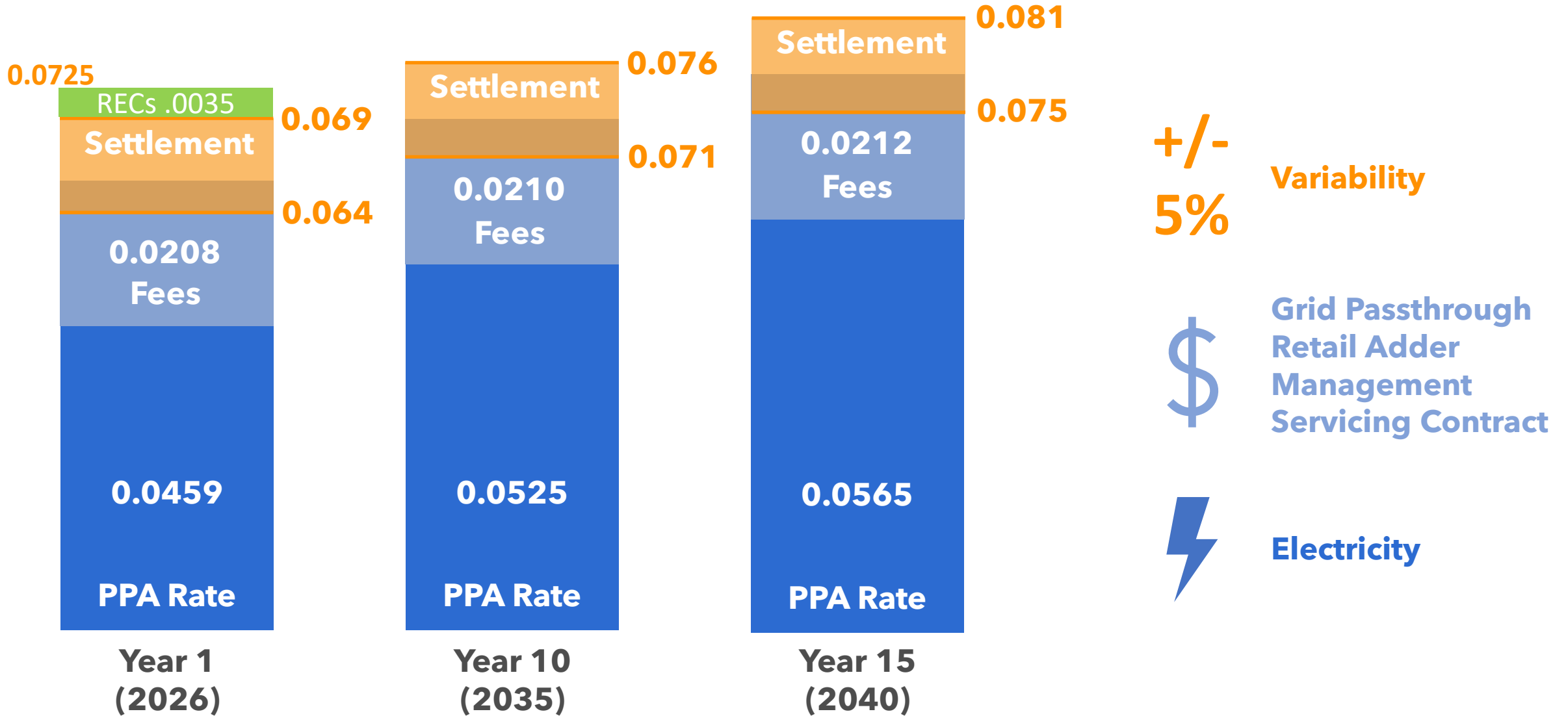
- Contract is 5 years
- Manages solar distribution
- For the energy usage not-covered by solar generation
  - Either fixed price or left at market price

## Energy Services

### GreenSky

- Contract is 5 years
- Monitor the PPA
- Submit monthly approvals
- Periodic review of charges and generation
- Advise on non-solar electricity and RECs

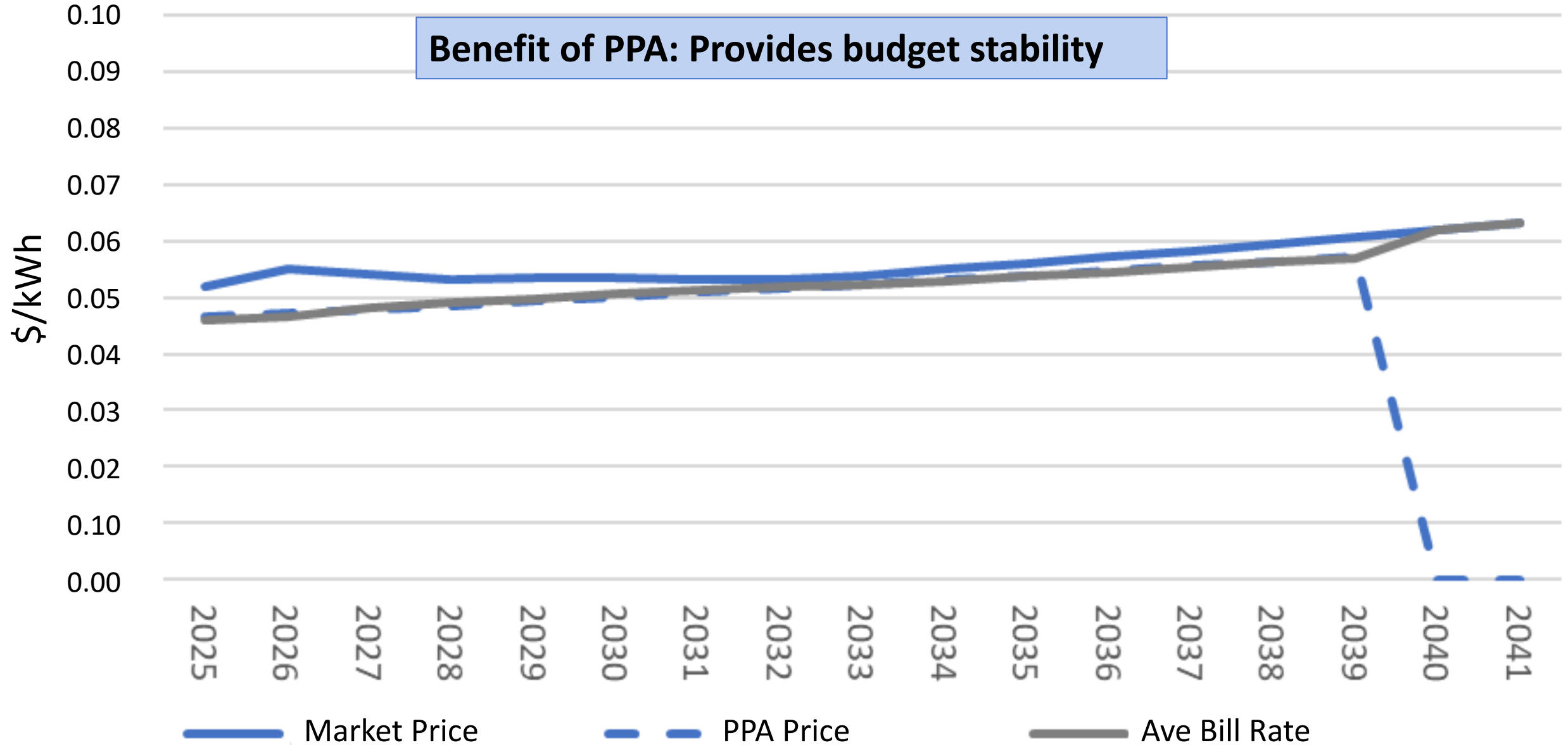
# Electricity Supply: Projected Rates \$ per kWh



12/6/23

# Future Market Prices

*Electricity generation only*



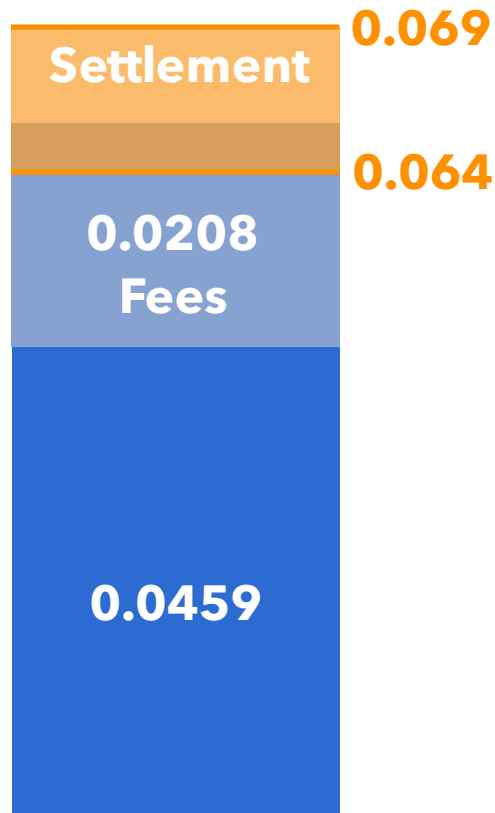
**Benefit of PPA: Provides budget stability**

Market Price

PPA Price

Ave Bill Rate

# Fiscally Responsible

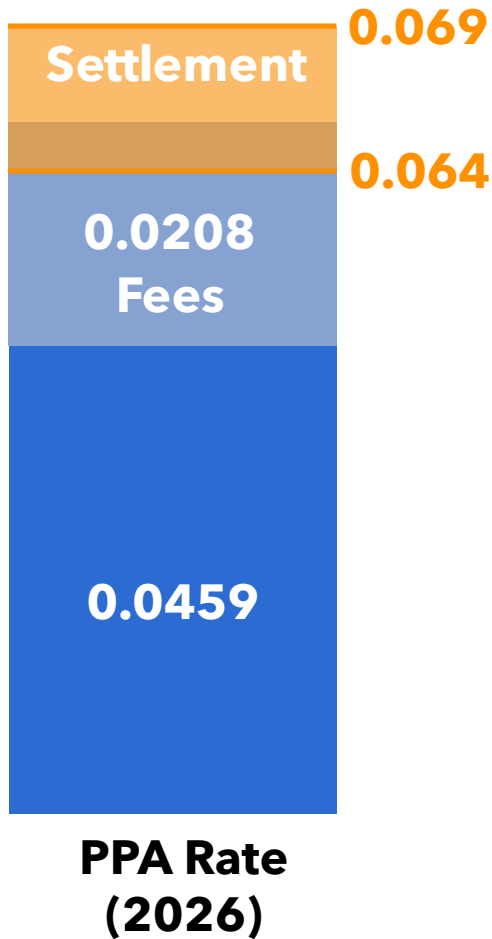


**PPA Rate  
(2025-26)**

**College Twp current rate = \$ 0.06936**

**Objective:** Obtain lowest cost of alternative source electricity for entire group with the option to purchase REC's to gain carbon reduction goals at the organization level.

# Potential for Savings: Year 1



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



# PPA PROJECT COSTS

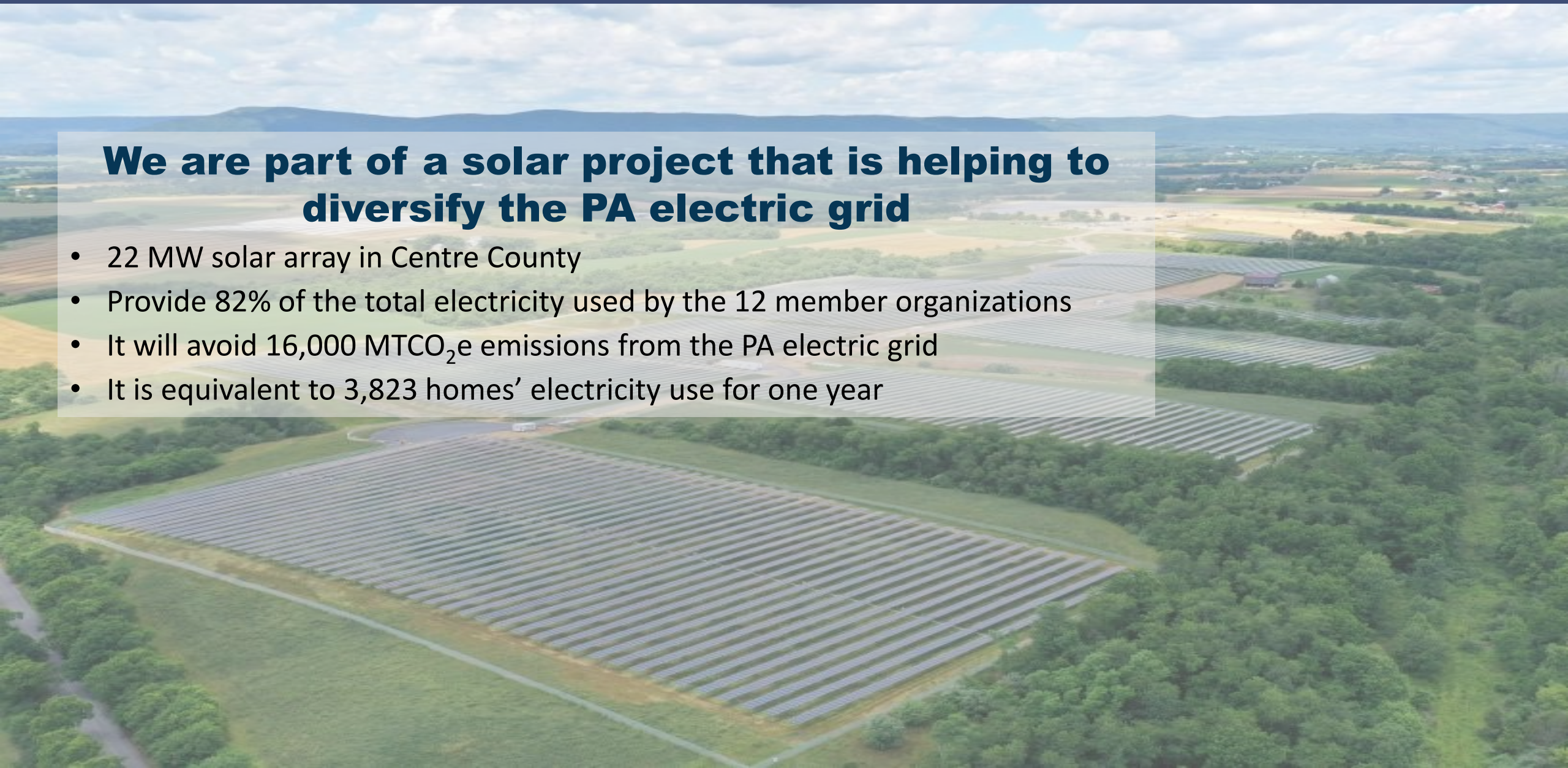
	Consultant	Legal Review	Total		P14 Payment	Total
TOTAL WG	\$69,725	\$165,000	\$234,725		(\$60,000)	\$174,725

*2024-2025  
timeframe*

# Carbon & Renewable Energy Goals

## **We are part of a solar project that is helping to diversify the PA electric grid**

- 22 MW solar array in Centre County
- Provide 82% of the total electricity used by the 12 member organizations
- It will avoid 16,000 MTCO<sub>2</sub>e emissions from the PA electric grid
- It is equivalent to 3,823 homes' electricity use for one year



# Next Steps

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

# PPA Education Opportunities

## PPA Education Workshop

Please [register](#) to attend

- **Tuesday, 1/30 from 12 – 1pm**  
College Township Municipal Building, 2<sup>nd</sup> floor meeting room  
1481 E College Ave, State College
- **Wednesday, 2/7 from 5 – 6pm**  
Centre Region COG General Forum  
2643 Gateway Drive, State College

## PPA Education Video



[C-NET Centre County | Videos | 1/17/24](#)  
[Presentation on the Centre Region's](#)  
[Solar Power Purchase Agreement](#)