

Solar Project Fund 2016

In order to reduce costs Richland Township and the Richland Township Water Authority (RTWA) have joined together to construct a solar energy system that is expected to provide over 25% of the electricity needs of both organizations. The construction of the project was completed in 2011 but was placed into service at the end of 2010. Over a period of time the savings from the reduced electricity purchases are expected to more than pay for the system. The project is being aided by a \$500,000 Conservation Works! Grant funded by Federal Recovery Funds that were allocated to Pennsylvania for distribution to local governments.

Income

Electric Sales to Twp. & RTWA - \$42,000

The Township and the Authority are paying into the fund the same market rate they would have paid to PPL for electricity. These electric purchases are running \$42,000 per year, and are expected to increase in future years.

Sales of Alternative Energy Credits (AEC's) - \$11,474

Pennsylvania requires that public electric utilities derive a portion of the electricity they sell from renewable energy sources, such as solar energy. In order to encourage the private development of private renewable energy sources, Pennsylvania has allowed the utilities to meet this requirement by purchasing AEC's. Due to various grant programs, more solar energy facilities were constructed in recent years than were anticipated when the Alternative Energy Credit System was created. As a result, the amount being paid by the utilities for AEC's is currently greatly depressed. However, as the amount of AEC's that utilities are required to purchase will be increasing in future years, and since the construction of new solar facilities has declined due to the low prices for AEC's and the loss of additional grant funding, it is expected that the prices for AEC's will begin to recover in a few years. Until that occurs, the Township and the RTWA will need to contribute funds for the annual debt service for the project.

Expenditures

Debt Service - \$167,238

In 2015, \$105,000 principal and \$62,338 interest will be paid on this bond issue.

Internet Fees - \$1,200

Internet service is necessary to monitor the kWh production of the solar panels.

Repairs - \$0

Occasionally, repairs are necessary to the solar panels and are impossible to predict.

Maintenance/Marketing \$3,800

A 15% commission is paid to STEPP Associates for handling the marketing of the Alternative Energy Credits. There is also a small provision for required maintenance at the site.