



NEWSLETTER

Municipal Review Committee | 395 State Street | Ellsworth, ME 04605 | www.MRCMaine.org

ISSUE 1.3 | JULY 2015

Fiberight & MRC File Permit Application with DEP for New Processing Facility

On June 25th, the Municipal Review Committee (MRC) and Fiberight filed applications with the Maine Department of Environmental Protection (the Maine DEP) to secure the necessary Solid Waste Processing Facility permit, air emissions and infrastructure extension licenses to construct and operate a new solid waste processing facility in Hampden. The seven permitting applications were filed jointly by the MRC and Fiberight. On July 15th, the Maine DEP informed the MRC and Fiberight that all of the applications have been determined to be acceptable for processing. This represents a key milestone for completion of a new facility to replace the PERC facility by 2018.

While we have been making every effort to share all information with member communities and Hampden residents, there have been some questions that we needed to defer until all of the technical information was obtained to support the filing of the applications. With the filing complete, this means that all technical information regarding air quality, wastewater, site plan, noise and process flow of the facility is now available to address these questions. These complete applications are available at our website www.mrcmaine.org.

As an example of the information available, the applications include a full list of compounds and calculations that demonstrate air emissions from the new facility are well below the applicable thresholds and will not have an unreasonable adverse effect on air quality.

Filing of these applications, and the information included in them, reinforces why our plan is an economical and environmentally responsible path forward for post-2018.

The applications will undergo rigorous review by the Maine DEP and other agencies to ensure that the facility is designed to comply with all applicable State and Federal requirements prior to issuance of the required permits. Even then, it is only after municipalities agree to join this effort that this project will become reality.

UPCOMING EVENTS

July 29 - 10:00 AM

MRC Board of Directors Meeting | Rockland City Hall, Council Chambers

October 28 - 10:00 AM

MRC Board of Directors Meeting | Lincoln Area - Location TBD



JOIN OUR EMAIL LIST & FOLLOW US ON SOCIAL MEDIA

MRC regularly sends updates and announcements by email to those who have signed up for our alerts. We also have active Facebook and Twitter accounts, and we've posted informative videos from recent meetings on our YouTube account.

All of these are accessible from the homepage of our website, www.mrcmaine.org

Next Steps for the MRC

In the months leading up to our annual meeting in December, we will be providing membership with a complete package of information regarding how communities can participate in the new facility. This will include draft contract documents for your community to review and provide feedback on.

In the months following the meeting, we will be seeking individual community approvals of the contracts and supporting information. It is our intention that this process of approval will be complete in the summer of 2016 in order for the new facility to begin operating in 2018 when PERC contracts end.

As always, please feel free to reach out to us with any questions. We are available to participate in meetings if it would be helpful to share information and answer questions in your community. Please contact Greg Lounder at 207-664-1700 or glounder@mrcmaine.org.

ABOUT THE MRC

The Municipal Review Committee (MRC) is a non-profit association of Maine communities led by an elected, volunteer board of directors. For more than 25 years, the member communities of the Municipal Review Committee (MRC), now numbering more than 180 cities and towns, have used the PERC waste-to-energy incinerator in Orrington to process their municipal solid waste (MSW). After 2018, the contracts that made the PERC relationship work will expire and PERC will no longer be an economically viable option. Development of a new solution is underway.

Visit www.mrcmaine.org or contact Greg Lounder at 207-664-1700 or glounder@mrcmaine.org to learn more about the Municipal Review Committee and to add your name to our e-mail contact list.

July 2015

- **Board meets to finalize key arrangements for residuals**

September-October 2015

- **Board meets to review draft contracts**
- **Draft contracts provided to member communities for review**

December 2015

- **MRC Annual Meeting presentation on its post-2018 solution**
- **Board finalizes contracts and distributes them to member communities for consideration**

January-June 2016

- **Member communities review and act on contracts**

Wise Financial Management to Ensure Post 2018 Readiness

Most members are aware that MRC's careful financial planning dating back to 1998 has resulted in a Tip Fee Stabilization Fund that has a current balance of \$23,447,000 as of July 1, 2015. These funds are carefully tracked and allocated to each and every Equity Charter Municipality to the penny dating back to 2001. The tracking and allocating of these funds is independently reviewed on an annual basis by a third party auditor.

When the Tip Fee Stabilization Fund was established in 2001, new provisions were incorporated in the MRC Bylaws to require that any withdrawal of funds from this account in any amount for any reason could only occur following a supermajority vote of the MRC Board and only after notice had been provided to all member communities that a withdrawal of any amount was being considered. Nothing from this fund has been or would be expended to develop the Fiberight Hampden project before the communities decide to commit to that spending by locally approving a waste disposal agreement with the MRC/Fiberight facility.

What Members Need to Know about the PERC Contracts

USA Energy (USAE), the private investment firm which serves as the general partner for PERC, has released a draft waste disposal agreement to MRC communities which would raise tip fees in year one to \$84.36 per ton in 2018 for a 15-year contract and \$89.57 per ton for a 10-year contract. This proposal would increase overall costs to MRC towns by at least \$26 per ton over the present day cost of \$59 per ton after rebates from Performance Credits received from PERC.

The MRC, which serves 187 member communities that send their waste to PERC, had no involvement in the drafting of this agreement. As you review the draft agreement, we hope to continue our longstanding role of providing relevant information by providing our analysis of PERC's proposal. Specifically, we have the following concerns:

- The rates under the USAE proposal would require towns to sign up for a 15-year contract. Rates for a 10-year contract are even higher, starting at \$89.57 per ton. Rates for shorter term contracts were not proposed.
- As expected, USA Energy is proposing increased tipping fees and the elimination of Performance Credits revenues that are currently sent to municipalities each quarter to attempt to make up for the revenue lost when its over-market subsidy from electricity ratepayers ends in April 2018.
- Specifically, the draft confirms that even under the lowest offered tip fee, to dispose of the current 180,000 tons of waste produced by MRC communities, PERC would increase overall costs to our towns by \$4.6 million over present costs.
- Our extensive review of PERC's operating costs suggests that even this increase in the tipping fee underestimates how much additional revenue will be needed to viably operate PERC. By our estimates, in order to address PERC's fundamental economic issues, future costs would be on the order of an additional \$11 million a year in increased costs to communities – or over \$110 per ton even if all current members signed up and PERC were somehow able to attract more tons than all the current members could provide.

The MRC continues to move forward with a solution for our communities that will not increase overall costs. Our development agreement with Fiberright, which has been public for five months, commits to an initial tip fee of \$70 per ton with estimated rebates back to the towns that would bring the net disposal cost down to \$57 per ton in the first year. Our timeline for development has also been shared publicly and we remain on track to deliver comprehensive and realistic agreements that will include this agreed upon tipping fee to communities for consideration this December, with draft versions available for review in the fall.

USA Energy's HDR Report Shows No Path to An Affordable PERC After 2018

USA Energy, the private investment firm which serves as the general partner for PERC, has released an engineering study which it claims justifies continued operation of the facility after 2018. Here are the key flaws that MRC members need to be aware of in this report:

- It does not express any opinion on the economic viability, environmental impact or affordability of the PERC Facility after 2018 - the most important considerations for our members
- It does not address feasibility of continued operations under waste disposal conditions expected in 2018, including the removal of a third of PERC's waste stream with the loss of out-of-state waste, and with increased recycling in member communities
- It does not address feasibility of continued operations under electricity market conditions expected in 2018, specifically a 60% reduction in electric revenue after 2018 when the current subsidy from ratepayers ends, which the report itself acknowledges
- It equates new mass-burn technology being used elsewhere in the US with the 1980s-era RDF fuel-preparation and combustion technology being used in the PERC facility without identifying key differences that make PERC more expensive to operate than new waste-to-energy facilities

After careful review by the MRC team, no new information has been found that would alter our fact-based assessment. Unfortunately, PERC will not work for the MRC communities after the conclusion of the current contracts in 2018 when its over-market subsidy from electricity ratepayers ends.

Wrap-up of the 127th Legislative Session

Major highlights in solid waste topics from this year's legislative session include:

- The MRC gave a thirty minute presentation to the ENR Committee on the proposed Fiberight facility in Hampden and discussed the ways this would advance the state's solid waste hierarchy goals and meet our mission to find an affordable, environmentally sound and long-term solution for post-2018.
- Representatives of five MRC communities joined a broad coalition to speak against LD 1359, the net metering bill proposed by PERC's private partner as a post-2018 subsidy paid for by electricity ratepayers. In addition to the MRC, the bill was also opposed by the MMA, the MRRRA, environmental groups and the utilities and only received support from PERC's private partner. The ENR Committee has since voted unanimously to kill this bill.
- The committee has also voted to kill all other solid waste bills before them this session except for a single, unwritten bill which they will discuss in planned meetings over the summer.

By rejecting the net metering and other bills, the committee effectively rejected the idea of a post-2018 subsidy paid for by electricity ratepayers. This session has clearly demonstrated that PERC would require significant subsidy from either the taxpayers or ratepayers to make it economically viable after 2018, and it also showed the lack of support for a subsidy strategy going forward.

FROM THE BANGOR
DAILY NEWS:

MAJOR REVENUE LOSS FOR PERC POST-2018

An excerpt from a recent Bangor Daily News article highlights:

Emera Maine will not continue its contract with PERC after 2018, Susan Faloon, company spokeswoman, said in a recent email interview.

"Under the PERC contract, Bangor Hydro (now Emera Maine) has been obligated to buy most of the power the plant generates at above market prices and to sell that power in the market at a loss," Faloon said. "That loss is recovered from ratepayers in the 'stranded cost rate' included in the delivery component of the electricity bill.

"When the PERC contract ends, a typical residential customer will save about 11 percent of their electricity delivery cost and about 6 percent of their total electricity bill," Faloon said.

Looking Ahead to the Rockland Board Meeting

Member community representatives and the public are encouraged to attend MRC's board meetings. The July 29 meeting at Rockland City Hall will include the following topics:

- Fiberight project update
- DEP review and approval process
- Plans for disposal of residuals from the facility
- Status of Fiberight financing
- Timeline for distributing a draft waste disposal contract to communities"

The meeting starts at 10:00am. If you can join us, please let Greg Lounder know at glounder@mrcmaine.org or 664-1700 so that we can include you in our count for lunch.

Draft Residuals Agreement

MRC has been working for several months on a solution for the limited amount of residuals that will be generated by the Fiberight Hampden facility. We have made excellent progress toward our goal of finding a solution. At its July meeting in Rockland the board of directors will be considering an agreement with Waste Management to provide services for disposal of residuals generated at the new facility. The plan outlined in the agreement supports the overall mission of this project as it represents an affordable, environmentally sound and long-term solution.