

LMOP's 16TH Annual
Conference and Project Expo
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**SUCCESSFUL CO-EXISTENCE OF TWO
LANDFILL GAS TO ENERGY PROJECTS AT
THE MONMOUTH COUNTY,
NEW JERSEY LANDFILL**

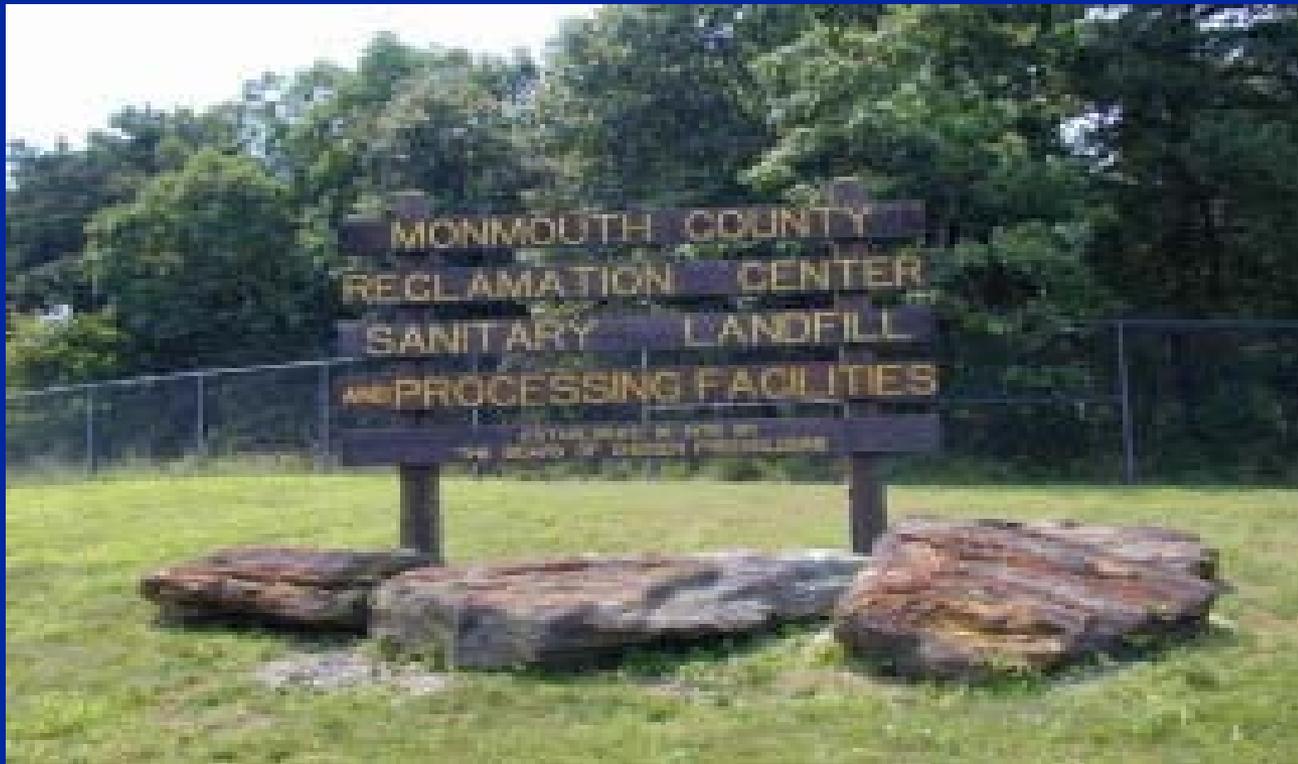
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MONMOUTH COUNTY LANDFILL TINTON FALLS, NEW JERSEY



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MONMOUTH COUNTY

- Monmouth County is located in central New Jersey
- Consists of 53 municipalities
- County wide population of approximately 630,000

BACKGROUND INFORMATION

MONMOUTH COUNTY LANDFILL

- The County has owned and operated a Landfill at the Monmouth County Reclamation Center (MCRC) since 1976
- The MCRC has been the sole disposal site for all MSW generated in the County since 1984
- The Landfill has received an average of 400,000 TPY of MSW
- The Landfill encompasses approximately 900 acres and consists of three phases at the MCRC: Phase I, Phase II and Phase III

BACKGROUND INFORMATION

MONMOUTH COUNTY LANDFILL (Cont.)

- Phase I began receiving waste in 1976 and ceased operation in 1986; it is presently capped
- Phase II began operations in 1986 and is now partially closed
- Phase III is approximately 100 acres in size and has been in use since July 1997. The Phase III Landfill is scheduled to close in the year 2018
- Phase III was designed and permitted as a balefill and was designed to enhance gas recovery

MONMOUTH COUNTY RECLAMATION CENTER FACILITIES

- Two Landfill Gas-to-Energy Facilities
 - 10 MW Privately Owned, Privately Operated
 - 1 MW Publicly Owned, Privately Operated
- Flares with Combined Capacity of Approximately 4,000 SCFM
- Privately Operated Materials Processing and Recovery Facility (MPRF)
- Privately Operated Source Separated Recycling Facility
- Household Hazardous Waste Facility
- Truck Wash Facility
- Scales, Administration and Maintenance Buildings
- Leachate Pretreatment Facility (coming soon)

CO-EXISTING LANDFILL GAS-TO-ENERGY PROJECTS

- In 1995, Monmouth County entered into a Gas Rights Agreement with a wholly owned subsidiary of Montauk Energy (Montauk)
- Montauk developed a 10MW LFG facility at the County's Reclamation Center
- The parties entered into an Amended and Restated Gas Rights Agreement in 2006
- In 2008, the County developed its own 1 MW LFG project

MONTAUK'S 10MW LFG FACILITY AT THE MONMOUTH COUNTY RECLAMATION CENTER



- 10 MW
- 2 Solar
Taurus 60
Combustion
Turbines

COUNTY OBJECTIVES FOR 10MW LFG PROJECT

- County Objectives:
 - Receive revenue from licensing of rights to gas produced at the existing Landfill
 - Minimize capital expense
 - Have private company own, operate and maintain energy generating facilities to minimize risk

COUNTY OBJECTIVES FOR 10MW LFG PROJECT (Cont.)

- Same private company to share in responsibility for collection system
- Reduce odors/odor complaints
- Reduce costs associated with flare

LEGAL CONSIDERATIONS REGARDING PROCUREMENT OF 10 MW LFG PROJECT

- Exceptions to Competitive Bidding
- Long Term Contract Allowed Under State Law
(N.J.S.A. 40A:11-15)

SIGNIFICANT PROVISIONS IN THE GAS RIGHTS AGREEMENT

- Montauk is entitled to all of the methane gas produced at the Landfill, with the exception of 450 cfm, in exchange for monthly royalty payments to the County (2006 Amendment)
- The term of the contract is 25 years (2006 Amendment)

SIGNIFICANT PROVISIONS IN THE GAS RIGHTS AGREEMENT (Cont.)

- Montauk is responsible for all capital improvements (including for collection system), operation and maintenance costs for the gas facilities (2006 Amendment)
- Also responsible for regulatory monitoring, data collection and preparation of all environmental compliance reports
- Montauk retains risk for quality and quantity of gas

ROYALTY PAYMENTS

- Monthly Royalty Payments Based on Percentage of Gross Revenues from the Project
- Gross Revenues Include:
 - Electricity
 - Availability
 - Capacity
 - RECs
 - Anything Else, Including Future Benefits
- Minimum Monthly Royalty Payment Required

SIGNIFICANT BENEFITS AND DRAWBACKS OF PRIVATELY OWNED PROJECT

BENEFITS

- No Upfront Capital Expenditure
- No Risk
- Partner with Significant Expertise
- Private Tax Benefits
- Limited Hassles

DRAWBACKS

- Smaller Share of Financial Benefit
- Less Control
- No Grants or Tax Exempt Debt

COUNTY'S 1 MW LFG GENERATOR



- 1 MW
- 1 Generator
- Jenbacher Engine

COUNTY OBJECTIVES AND PROCUREMENT OF THE 1 MW LFG PROJECT

- County Objectives:
 - Offset Electricity Costs at the MPRF
 - Take Advantage of State Incentives (NJBPU Grant - 25%) and Low Interest Rates
 - Develop Additional Renewable Energy Project
- Procurement:
 - Local Public Contracts Law
 - Lowest Responsible Bidder

COUNTY'S 1 MW LFG PROJECT

- County applied for and received grant from the New Jersey Board of Public Utilities in the amount of \$800,000
- County financed remaining cost of project (\$2.4 Million)
- 1 MW generator utilizes the 450 cfm of gas reserved pursuant to the Amended Gas Rights Agreement
- Montauk operates and maintains 1 MW facility for the County for flat monthly fee

COUNTY'S 1 MW LFG PROJECT (Cont.)

- Net Metering
- Interconnection Agreement with Local Utility
- Produces enough electricity to offset up to \$1 million per year of County's electricity costs at County's Materials Processing and Recovery Facility
- Generates revenue from sale of Renewable Energy Certificates via an online auction platform

HOW GAS IS COLLECTED AND TRANSPORTED TO BIOGAS FACILITY



SIGNIFICANT BENEFITS AND DRAWBACKS OF PUBLICLY OWNED PROJECT

BENEFITS

- More Control
- Reap Entire Financial Benefit
- Grant Funding
- Tax Exempt Debt

DRAWBACKS

- CapEx
- More Risk
- More Headaches
- No Tax Benefits
- Limited Expertise

BENEFITS OF CO-EXISTING PROJECTS

- Two Revenue Streams to County
 - Royalty Payments from Montauk
 - Revenue from Sale of RECS from 1 MW Project
- Savings in Electricity Costs at MPRF

BENEFITS OF CO-EXISTING PROJECTS (Cont.)

- Good Relationship with Private Partner
 - Temporary arrangement in 2011 where County agreed to shut down 1 MW facility so that Montauk could utilize excess gas to meet its electric production guarantee under third party PPA
 - Montauk compensated County for excess electricity costs incurred at MPRF
- Beneficial Use of All Gas

CONCLUSION

- Benefits and Drawbacks to Each Model
- Both Models are Successful
- No Problem with Co-Existence

QUESTIONS AND COMMENTS

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