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WA-18



The H.W. Hill Renewable Natural Gas Project helps keep KPUD rates low and steady.

RNG Project Continues to Deliver

In the September edition of Ruralite, we reported how Klickitat PUD is refinancing debt, taking advantage of historically low interest rates and spreading out payments to reduce the risk of rate increases to our customers. Central to this discussion was the H.W. Hill Renewable Natural Gas Project.

In 2014, KPUD was concerned about continued price erosion in the wholesale power market. The utility began researching alternative uses for the gas received from the Roosevelt Regional landfill. In May 2017, after more than three years of working with dozens of gas producers, equipment manufacturers and gas off-takers, KPUD signed a long-term off-take agreement that guaranteed a fixed price on the first 95,812 MMTBUs of gas sold in each calendar month—about two-thirds of the capacity of the gas plant and the available gas from the landfill.

In June 2020, KPUD signed a long-term agreement with Puget Sound Energy to provide fixed price certainty for the entire RNG volume. This agreement also extended the overall RNG contract term from 15 years to 20 years.

These long-term agreements and reliable performance of the H.W. Hill facility have helped KPUD maintain a strong credit rating, reduce financing costs and stabilize future revenue from the project. This provides KPUD customers with a source of funds that otherwise would require rate increases or additional borrowing.

The H.W. Hill RNG facility is a benchmark in the industry and has garnered local and national attention. It pioneered first-on-landfill technologies that reduce operating cost, lower power consumption and produce gas with a lower carbon intensity than was previously possible.

Taking a page from the H.W. Hill facility, at least three new facilities are being built by other entities that use technology pioneered at our project.

KPUD is proud of its team of technicians, engineers, finance experts, accountants and numerous other critical staff, as well as our customers. Without their support, this facility would not be possible.

Kevin Ricks, Renewable Energy Assets Manager