CRRA System Status

Mid-Connecticut Project

CRRA Mission: Implement the CT solid Waste Management Plan i.e.

1. Reduce
2. Reuse
3. Recycle
4. Recover the Energy from what remains
5. Landfill as last resort

CT is nation's leader in integrated waste management:

- First and only state to eliminate MSW landfills
- 100% availability for Residential recycling collection
- Largest source of Bio mass-Renewable energy in Region
- Flat, stable and predictable tipping fee history

June 1, 2012

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CT MSW historical success is at risk due to disposal capacity reductions as a result of an unprecedented collapse in wholesale energy pricing.

- Waste to energy facilities have two revenue streams: Energy and Tipping fees
- Energy is up to 2/3rds of a facility's revenue and critical to viability
- CT has five W to E facilities handling virtually all MSW, 2.2 mill. tons
- Alternative disposal technologies are unproven, uneconomic, or otherwise unavailable to meet CT demand in short term
- CT has two Options: Maintain Instate capacity or export to regional landfill disposal sites

June 1, 2012

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MidConn operation challenges:

1. RDF technology, Plant age, capital investment needs
2. Large Geographic service region and transfer station costs
3. Competition from private transfer stations
4. Subsidies paid to recycling, education and other State policy initiatives
5. Highest fixed costs per ton vs. other facilities
6. CATASTROPHIC DROP IN ENERGY REVENUES

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The recent drop in energy prices makes MidConn economically non viable:

Tipping fees necessary to operate the plant with $0.035/kwh yield a tipping fee ($85-90/ton), above the alternative cost of export ($72-85/ton)

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Dec 2007	$0.081	Market actual, Auction Constellation Power LLP	
Sept 2009	$0.09	Market estimate	
Dec 2009	$0.09	Market Estimate	
Jan 2010	$0.085	Market estimate and day ahead actuals	
May 2010	$0.65	CRRA MSA offering pro forma assumption	
July 2010	$0.09	Market estimate and day ahead actuals	
Dec 2010	$0.08	Market Estimate	
Jan 2011	$0.08	Market Estimate	Initial due date for MSAs signed by Towns
July 2011	$0.08	Market estimate and day ahead actuals	first adjusted due date for MSAs
Aug 2011	$0.057	Commissioned Forecast, Power Advisory LLC	
Sep 2011	$0.055	CRRA adjustment to Pro forma	
Oct 2011	$0.055	Market estimate, Day ahead actuals	-second adjusted due date for MSA
Dec 2011	$0.055	Market estimate, Day ahead actuals	-final adjusted due date for MSA
Jan 2012	$0.035	Auction result, Constellation Power LLP	
Apr 2012	$0.028	Market estimate, Day ahead actuals	

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- Power price directly impacts disposal fee

Energy price	annual revenue	impact on tipping fee
$0.081/kwh (2007)	$35,964,000	
$0.035/kwh (2012)	$14,525,000	
	$21,439,000 or	$30.11/ton (712,000 tons)

Each penny of energy price = $4,150,000 or $5.82/ton

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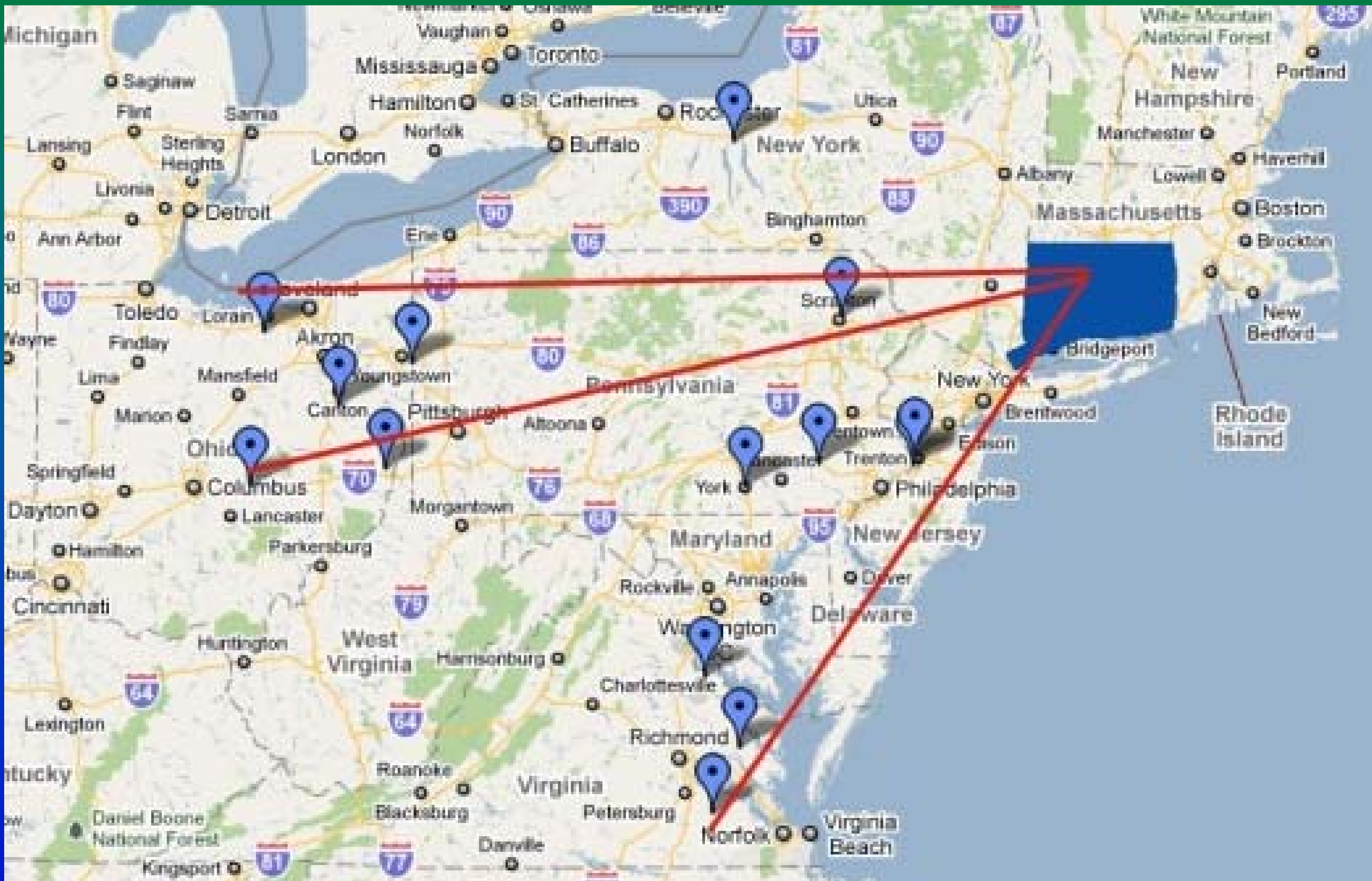
- If revenue shortfall continues, plant cannot operate.
  - MSAs still honored: CRRA will continue to provide disposal services as promised in MSA's
  - As MidCT plant begins phase-out, diversion to transfer-and-haul and begin construction of intermodal transfer facility
  - Use of Regional landfill capacity (PA,OH,VA)
  - Tipping fee subject to market for regional disposal and diesel prices.

CRRA System Status

Mid-Connecticut Project



June 1, 2012

Mid-Connecticut Project

Impacts of MidConn Facility Phase-out

- Economic:
  - Higher costs to towns, Pilots, Jobs, Tax revenues
- Energy:
  - 66 MW 425 gwh renewable power in Downtown Hartford, Transmission impact, voltage support
- Waste Impact:
  - loss of CT self sufficiency, more landfilling, reduction in recycling rates, SWMP goals
- Environmental:
  - up to 300 18 wheel transfer trucks on road daily, emissions, traffic

CRRA System Status

Mid-Connecticut Project

CRRA Proposed solution:

Incentivize Publicly owned , Renewable Trash to Energy capacity, similar to incentives for other renewable energy to assure continued availability of this environmentally preferred disposal technology.
Specifically, utilize PA 11-80 to provide above market wholesale power agreement similar to the original ‘avoided cost’ power agreement.

Other solutions may be utilized.

Target price: $0.085/kwh will maintain MidConn viability and Tipping fees within the predicted and anticipated opt-out range of the Tier I MSAs and maintian Town costs within anticipated ranges

CRRA is working diligently with DEEP and Executive agencies to implement this or another solution. Time is critical.

CRRA System Status

Mid-Connecticut Project