

SMUD News Release

Sacramento Municipal Utility District

• News Media Services

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SMUD to purchase green gas from Texas

The Sacramento Municipal Utility District (SMUD) has signed an agreement to buy landfill gas from Texas to help meet its long-term goals for expanding renewable energy supplies.

SMUD will enter into a 15-year contract with Shell Energy for 6 billion British thermal units (Btu) of gas per day.

Most of that will be natural gas from a landfill near Dallas, supplemented by a variable amount of conventional natural gas. The proportion of renewable gas will increase as the landfill project is fully developed. Landfill gas is produced by the decomposition of garbage, and the California Energy Commission has pre-certified that the power produced by the Shell landfill gas will qualify as renewable.

The gas will be used to fuel the Cosumnes Power Plant, which is SMUD's most efficient source of gas-fired generation. The landfill gas will provide between 200 and 300 gigawatt-hours of renewable power per year, or about 8 percent of SMUD's renewable target in 2010.

SMUD will pay about \$21 million a year for the landfill gas, which works out to approximately \$90 per megawatt-hour of electricity.

"The cost of this supply is higher than our expected energy prices for non-renewable energy but lower than the expected cost of renewables," said Barry Brunelle, SMUD supervisor for natural gas operations.

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