



Chesapeake Utilities Corp. Partners with BioDevCo to Inject RNG into Pipeline

Arlene Karidis | Jul 29, 2020

Bioenergy DevCo (BDC), which designs, builds and operates anaerobic digestion facilities, is set to deliver up to 300,000 million British Thermal units of renewable natural gas annually to Chesapeake Utilities Corp. (CUC), sourced from organic waste to be processed at an anaerobic digestion plant in Delaware.

The \$30 million to \$40 million plant is slated to launch at the end of 2020, and the plan is to begin injecting carbon-negative renewable natural gas into the utility's pipeline in the first quarter of 2021.

Marlin Gas Services will transport the fuel to Eastern Shore Natural Gas, Chesapeake Utilities Corporation's interstate pipeline, where it will be introduced into Chesapeake's distribution system.

"These are relatively new types of partnerships, created to inject RNG into the pipeline," says Shawn Kreloff, CEO of Bioenergy DevCo. "Companies like CUC traditionally buy fracked gas from the South or Midwest. It's great to see a utility step up to do the right thing in buying RNG instead. And we think this is a sign of things to come."

California has led the way in advancing renewable natural gas among U.S. utilities. But now some utilities on the East Coast, especially in environmentally sensitive areas with high emissions, are following suit to provide a cleaner alternative to fossil fuels, Kreloff says.

Among East Coast utilities that have made an effort to invest in RNG over the last few years are Richmond, Va.-based Dominion Energy and D.C.-based Washington Gas Light.

For Chesapeake Utilities, the partnership with BDC will be its first venture injecting renewable natural gas into its pipeline, though the corporation has a natural gas distribution system serving Delaware, Maryland, Florida and Ohio.

The utility is purchasing biogas created via the BDC anaerobic digester and will invest in and manage the gas cleaning and refining processes to create utility-quality renewable natural gas.

Chesapeake Utilities Corp. CEO Jeffry Householder says his company was drawn to this project because of its interest in finding solutions for agricultural waste.

“We think it’s a good idea to put this waste into a digester and convert it to biogas,” Householder says. “It’s important to us because we serve customers in regions where there is a lot of agricultural waste, including from our customers who have chicken facilities. We are interested in trying to find environmental solutions for that material. And we think there is business in cleaning up methane gas and converting it to biofuel to go into the pipeline, whether to burn in a stove, water heater, or in vehicles, for example.”

Householder says CUC’s entry into the renewable natural gas market is a way to do the right thing while getting financial results that keep shareholders happy.

“Two years ago, when we looked at our strategy moving forward, we believed that RNG would be a significant business opportunity and part of the natural gas market,” he says. “If you can capture chicken waste and methane in an anaerobic digester, you are significantly reducing greenhouse gases. But now we have to do something with that captured methane. I can do something simple, like put electricity in a generator that’s a lower-quality gas. Or I can clean it up to make RNG going into your water heater or car. Now we can use this gas, and our customers can too. We are making a business out of it.”

CUC plans to do projects in multiple states and will continue to focus on the agricultural waste market as that market expands.

“There’s a lot of waste out there,” Householder says. “It’s pulling a deal together that makes sense for us, the agricultural industry, and our customers.”

BDC, based in Annapolis, Md., has several projects in the discussion stage or in various stages of development on the Eastern shore of Maryland, which is in CUC’s service area.

“In some cases, we’ve identified sites,” Kreloff says. “Some are research projects where we don’t have land yet but are looking for feedstock and a location that is close to the pipeline and to the generator.”

BDC has built over 220 anaerobic digestion plants in seven countries and operates 150 plants.

“For us, we are not inventing anything new,” says Kreloff. “This will be a standard plant design. We learned that the biology is complicated, and, given our experience, we understand what it takes to operate a plant at scale.”

According to Kreloff, making renewable natural gas from agricultural waste, including organic byproducts from the poultry industry, could replace 7 billion gallons of diesel fuel and generate 70,000 new jobs.