



BOROUGH OF TARENTUM

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Tarentum Borough Approves Ordinances to Help Stabilize Electric Capacity Costs

Tarentum, PA - Tarentum Borough Council has approved two ordinances designed to help manage rising electric capacity costs and strengthen the Borough's long-term power supply strategy.

The ordinances authorize participation in two power purchase agreements through American Municipal Power (AMP), allowing the Borough to secure a portion of its future electric capacity and energy through long-term generation resources. The actions are part of a broader strategy adopted by the Borough to manage volatility in regional electric markets while maintaining predictable and stable electric rates for residents and businesses.

Electric costs are made up of several different components across the power supply chain. These include the energy itself, which is the electricity used day to day and measured in kilowatt hours, as well as capacity costs, transmission costs, and distribution expenses. Capacity costs are payments made to ensure sufficient electric generation is available during peak demand periods, keeping the grid reliable.

Over the past several years, capacity costs across the regional PJM electric grid have increased significantly and have become one of the fastest-growing components of utilities' electric supply costs.

"These ordinances are part of a long-term strategy to manage the Borough's exposure to rising capacity prices," said Borough Manager Dwight Boddorf. "By securing a portion of our power supply through long-term agreements, we can reduce how much of our system is exposed to volatile market pricing."

The capacity agreements complement a broader electric strategy previously adopted by Council. That strategy included securing a four-year energy supply agreement and intentionally spreading cost adjustments over multiple years. Rather than passing along large market increases at once, the Borough has chosen to implement gradual, predictable adjustments to protect residents from sudden rate spikes.

"Our goal is stability," Boddorf said. "Electric markets have become increasingly complex, with costs coming from multiple parts of the supply chain. The Borough's approach focuses on planning ahead and smoothing those impacts over time instead of reacting to sudden market swings."

Tarentum owns and operates its own municipal electric utility, which purchases wholesale power through regional markets and cooperative arrangements with American Municipal Power. Like other municipal utilities across the PJM region, Tarentum must secure both energy and capacity resources to ensure reliable electric service.

By combining long-term supply agreements, reserve planning, and phased rate adjustments, Borough officials say the strategy is designed to keep Tarentum's electric system stable while maintaining competitive rates for residents and businesses.

The Borough will continue to monitor regional electric market conditions and evaluate additional opportunities to strengthen its power supply portfolio as part of its long-term utility planning

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