



## Chesapeake Utilities Corporation Announces Next Steps in its Sustainable Renewable Natural Gas Strategy

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DOVER, Del., June 18, 2020 /PRNewswire/ -- Chesapeake Utilities Corporation (CPK), a NYSE-listed diversified energy delivery company, announced today that the Company is progressing on multiple opportunities that will advance its Renewable Natural Gas (RNG) strategy. The first such opportunity represents a partnership between Chesapeake Utilities and Bioenergy DevCo (BDC), a leading global developer of anaerobic digestion facilities that create renewable energy and healthy soil products from organic material. The joint project involves removing excess organics from poultry waste and converting it into RNG.

The intent is for BDC and Chesapeake Utilities Corporation affiliates Eastern Shore Natural Gas, Chesapeake Utilities and Marlin Gas Services, to collaborate on this project in addition to several other project sites where organic waste can be converted into a carbon-negative energy source. Beyond the environmental and energy benefits, this project will also support the economy in the Delmarva region.

The resources generated from organic waste at BDC's anaerobic digestion facilities in Delaware will become utility-quality RNG once it is processed by a \$6 million gas processing plant Chesapeake Utilities Corporation will build. Eastern Shore Natural Gas Company (ESNG) and Marlin Gas Services will also make incremental investments associated with the transport and receipt of RNG for multiple suppliers, totaling approximately \$7 million. These investments include an interconnect facility and additional transport equipment. The RNG will ultimately be delivered through Chesapeake Utilities' distribution system to its natural gas customers.

"We are committed to operating in a manner that leads to a more sustainable environment and future, thereby ensuring a better quality of life in our communities. We have taken steps to ensure our Company can support the emergence of the renewable fuels market and do its part to assist in managing agricultural and other waste recovery. These investments and our recent tariff changes to establish gas quality standards are evidence of our efforts," said Jeff Householder, President and Chief Executive Officer of Chesapeake Utilities Corporation. "Investments to support RNG flowing through our pipelines provide us the opportunity to significantly reduce our carbon footprint, diversify our natural gas portfolio and benefit our customers and communities."

To accommodate requests to receive RNG into its pipeline, ESNG recently established gas quality specifications and standards that were equal to or greater than the gas tariffs of the three upstream pipeline systems that interconnect with ESNG. The proposed tariff revisions were accepted by the Federal Energy Regulatory Commission (FERC). ESNG expects to undertake additional capital investments in terms of interconnection facilities for receipt of the natural gas. Chesapeake Utilities is actively pursuing RNG project opportunities with those interested in accessing the Company's pipeline system.

Aside from the partnership with BDC, Chesapeake Utilities is also in negotiations on several different RNG opportunities. While each opportunity is unique, there are several common attributes. First and foremost is the environmental benefit that comes from relying on RNG, as it is derived from organic waste materials from farms, landfills and wastewater treatment plants. The biogas produced from the waste materials is processed and purified to create RNG that is fully interchangeable with conventional natural gas. RNG provides a clean energy delivery alternative.

Second, these projects typically involve several of the Company's business units which play key roles in the value chain and have some level of investment that is focused on meeting or exceeding the Company's target returns.

With increased opportunities for mobile fuel and virtual pipeline solutions on the horizon, the Company acquired Marlin Gas Services in December of 2018. Marlin is positioned to be a leading transporter of RNG, bridging the pipeline gaps and serving as a virtual pipeline between bio-gas producers and local distribution companies or end-use customers, like Chesapeake Utilities' own natural gas distribution operations. In some cases, Marlin may provide this virtual pipeline service on a long-term basis; in other instances, on a temporary basis until a direct pipeline interconnect is constructed. In certain situations, these projects sometimes include investment opportunities to process the biogas to the interstate pipeline quality standards, as is the case with the first BDC joint project.

Lastly, the terms of the contracts among the parties provide long-term financial value and a more sustainable future for our local communities as well as for the Company's shareholders.

### About Chesapeake Utilities Corporation

Chesapeake Utilities Corporation is a diversified energy delivery company, listed on the New York Stock Exchange, engaged in natural gas transmission and distribution; electricity generation and distribution; propane gas distribution; mobile utility services and solutions; and other businesses. Information about Chesapeake Utilities Corporation's businesses is available at [www.chpk.com](http://www.chpk.com), through the Company's Investor Relations App and on the Annual Report Microsite at [cpkannualreport.com](http://cpkannualreport.com)

*Please note that Chesapeake Utilities Corporation is not affiliated with Chesapeake Energy, an oil and natural gas exploration company headquartered in Oklahoma City, Oklahoma.*

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