



Clean Power Development, LLC

Much has been said about and many comparisons made between the two biomass power generation facilities proposed for the City of Berlin. Here's our view

A number of studies have now confirmed the belief of many that biomass fuel in the northern NH, VT and ME region is a limited resource that must be managed on a sustainable basis. The Clean Power Development (CPD) project has been sized appropriately to utilize the biomass that can be harvested sustainably in the region. In comparison, the Laidlaw Energy Group (LLEG) project is sized to consume somewhere near twice the amount of biomass fuel as what could be sustainably harvested within the region. Consumption at twice the sustainable rate could be environmentally damaging to the local area or could lead to having to import wood chips from great distances, thus generating additional pollution from long distance trucking operations. It may also negatively impact potential for a number of other projects that have been proposed and would utilize biomass for district heating, wood pellet production, or smaller heating and distributed generation in northern New Hampshire

Engineering analysis by the NH Public Utilities Commission has concluded that the transmission system in the region (known as the Coos Loop) currently has a carrying capacity of approximately 60 MW, but with minor improvements could be upgraded to somewhat in excess of 100 MW. This expanded capacity is sufficient to allow the next two projects in the ISO-NE queue, the Granite Reliable wind project and the CPD biomass project, to interconnect and supply power. On the other hand, interconnection of the proposed LLEG facility in conjunction with either of the other two projects will require significant rebuilding and expansion of the loop, which has been estimated to cost somewhere in the \$160-210 million range. LLEG executives have publically stated that they believe projects such as theirs would fail if they had to carry that entire cost and that ratepayers should share the cost of that upgrade.

From the beginning, CPD has actively sought ways to utilize the synergies that grow from developing a power plant in Berlin. Whether it be district heating systems for the city, ways to better utilize landfill gas, supplying steam and hot water to industrial facilities, or promoting the development of new businesses, Clean Power has long sought to be an active partner in moving forward the vision of a new way of doing things.

Based upon the response and support CPD has received from citizens throughout the region and in particular the residents of Berlin, we believe that there is significant public support for the Clean Power project and a new way of doing things. Support for the CPD project over that proposed by LLEG has been evident in a number of venues, including community discussions in the development of their new master plan and the election of city officials who openly opposed the LLEG proposal.

From our participation in city visioning sessions, master plan development meetings, and a variety of discussions with citizens of Berlin, it is evident that the majority of those involved seek to reinvent the city. While the closing of the Burgess pulp mill has been devastating to the region economically, it has also provided the city with a once in a lifetime opportunity to redefine their future moving into the 21st century. With the dismantling of the pulp mill and toppling of the smoke stacks, the city believes that it has taken significant steps in that direction, but is often dismayed by the remaining black liquor boiler and its associated stack. Citizens would like to see this removed as the final stage of clearing the 120 acre lot, so that it can be redeveloped in a manner consistent with the city's new view of itself.

There appears to be a widely held belief in the area that the LLEG project is a "Trojan horse" for Public Service New Hampshire (PSNH) and will serve as that company's avenue to bypass existing statutory prohibition against PSNH building/owning new generation as a regulated utility. PSNH's most recent agreement to purchase power (Lempster Wind) contains a clause that will allow them to buy the generation facility. Given that PSNH has reportedly entered into a 20 year purchase power agreement with LLEG, should that same clause appear in this new agreement with LLEG, it could allow them to ultimately gain ownership of this project in downtown Berlin.

If similar to other agreements concluded by PSNH, the reported agreement to purchase power between PSNH and LLEG would also contain an allowance to increase the price of electricity to accommodate whatever was paid for fuel. Therefore, should a facility such as LLEG's increase demand beyond what can be sustainably supplied from the region and cause a resulting increase in the price of fuel, it would result in higher rates to PSNH electric consumers. To further compound the issue, it is possible that unsustainable consumption at the LLEG facility could drive fuel price up to the point where it would ultimately force the shutdown of other biomass power plants in the region. Such a scenario would not advance an agenda leading to more renewable energy for New Hampshire and could cause considerable economic harm to other communities that now rely upon biomass energy for jobs and tax base.

Thus, Clean Power Development believes that our effort to establish a properly sized socially and environmentally responsible renewable energy facility within the City of Berlin is in keeping with the desires of the majority of the residents , and sets the stage for long term economic growth and stability for the region. To that end, we look forward to working with the citizens of Berlin