



**Burgess BioPower, LLC**

**Bi-Annual Report Required by Public Utilities Commission Order 26,331**

**May 3, 2021**



I. Background on the Facility

Finding a long-term solution to the operation of the Cumulative Reduction Factor (“CRF”) contained in the Power Purchase Agreement (“PPA”) between Eversource and Berlin Station, LLC<sup>1</sup> is paramount to Burgess BioPower’s continued operation and the attendant economic benefits it brings to the State of New Hampshire.

Burgess BioPower is a 75MW biomass power plant that provides reliable, home-grown, baseload energy supply to New Hampshire. Burgess’ power advances the state’s goals to increase renewable energy and energy independence. Not only does Burgess BioPower contribute significantly to the State’s energy profile, the plant also generates major job and economic impacts, as outlined in an Economic Impact Study first completed in 2017, refreshed in 2020, and referenced in our [November 1, 2020 report](#).

- Annually, Burgess BioPower contributes a **net economic benefit of more than \$43 million**, including:
  - **240 jobs** (208 in Coos County)
  - **\$14.6 million** in labor income
  - **\$69.1 million** in output of goods and services statewide.
- New Hampshire’s total energy expenditures exceed \$1.9 billion annually, with only 1.34% of that attributable to Burgess, despite the fact that Burgess continues to be **New Hampshire’s largest generator of renewable energy and one of the state’s largest home-grown energy resources**.

In addition to its important economic impact statewide, Burgess contributes significantly to the local Berlin economy through its payments-in-lieu-of-taxes (“PILOT”) agreement with the City of Berlin. Furthermore, as previously reported, Burgess BioPower made a payment of \$523,000 to the City of Berlin in July 2020, the first payment to the city from the facility’s sale of Renewable Energy Certificates (“RECs”) as outlined in its PILOT agreement. Burgess is one of the only privately-owned power plants that not only pays taxes and fees, but also **shares its revenue** with its host community.

A breakdown of Burgess’ expenditures in key categories from January 2020 through March 2021 is shown below:

Expenditure	Amount
<b>Taxes</b>	\$1,775,443
<b>Berlin Water Works</b>	\$881,748
<b>Berlin Pollution Control Facility</b>	\$194,750
<b>REC Revenue Sharing</b>	\$523,700
<b>Payments to other local businesses</b>	\$1,366,360
<b>Payments to other NH businesses</b>	\$2,967,849
<b>Wood purchases</b>	\$30,741,437

<sup>1</sup> Berlin Station, LLC is the site/facility owner. Burgess BioPower is the site/facility lessee.

## II. Status of the Low-Grade Wood Market

The forecast for New Hampshire's low-grade wood market remains challenged. The well-documented downturn in the market, caused by the closure of biomass power plants, paper mills, and pulp mills, continues to have significant repercussions in NH's forest product industry. The loss of these markets is also severely causing stress to the sawmill sector; the loss of low-grade markets reduces profitability and creates risk of shutdowns. The COVID-19 pandemic has further exacerbated the challenges in this hard-hit industry.

Recently, Stored Solar purchased four shuttered biomass power plants in New Hampshire. Because their business plans have not been publicly detailed, it remains to be seen what impact this will have on the low-grade wood market and the position of biomass in the state as a whole.

## III. Potential Opportunities for Renewable Energy Facilities

### A. Renewable Energy and Infrastructure Policies

With the change of administration at the federal level, the nation's energy policies are beginning to reflect a commitment to greenhouse gas reduction and an increased commitment to renewable resources. Additionally, Congress is considering a number of infrastructure bills that would create capital for at the development of energy infrastructure. As these policies continue to take shape, they may create additional opportunities for renewable resources such as Burgess. We continue to monitor these proposed policies and programs as they work their way through the legislative and regulatory processes and will continue to assess whether any present potential pathways for a long-term solution to the CRF.

## IV. Efforts and Challenges to Developing a Long-Term Solution

### A. The COVID-19 Pandemic

Finding a long-term solution to the CRF will require collaboration, creativity, and compromise among all stakeholders. COVID has created significantly interrupted these efforts.

Between a disrupted legislative session last year, a shift in legislative membership as a result of November's election, and continued changes to legislative procedures this year, the legislative environment is notably different than in years past. Attention is, understandably, focused on issues of public health, education, and jobs, with little advancement of energy issues. Large omnibus bills, combined with logistical challenges of restricted gatherings, have limited the opportunities to participate in meaningful discussion on matters of importance to Burgess. Given the number of bills retained in committee until the fall of 2021, it does not appear as though this atmosphere will change in the second half of the year.

Operationally, Burgess has continued in its role as an Essential Service, as that term is defined in the Governor's Emergency Order #17 issued Pursuant to Executive Order 2020-04, generating power without interruption throughout the pandemic, in full compliance with all regulatory mandates. Berlin Station's operational resources have been dedicated to keeping the facility fully functional while keeping employees safe.

## B. Contract for Differences

As previously reported, CS Berlin Operations (“CSBO;” Burgess BioPower’s Operations & Maintenance provider) went through the lengthy and costly process of becoming a certified Competitive Electricity Power Supplier (“CEPS”), giving CSBO the ability to serve electricity directly to retail customers in New Hampshire.

An active license in the state of N.H. would enable CSBO to bid on Eversource’s electricity solicitation for default service to serve Eversource’s retail customers. CSBO proposed to enter into a Contract-for-Difference (“CfD”) with Eversource for Burgess’ electricity in order to net down the potential negative effects of the CRF.

Since the last report, Eversource’s default service competitive bidding requirements have not changed, and continue to pose barriers to CSBO’s entry into the market. Discussions with Eversource on revising or waiving some of these requirements have not advanced.

## B. Economic Development Opportunities Potentially to Offset PPA Costs

In parallel to the efforts discussed above, CS Operations (“CSO;” the Manager of Burgess BioPower) has continued to invest significant time and money in other regional economic development projects to reduce and offset the costs of Burgess BioPower’s power, including the following opportunities:

### 1. Co-development with an agricultural company for waste heat off-take

In our prior report, we discussed an indoor agricultural facility on the Burgess site that could use waste heat from the power plant. The project remains on hold, however, due to challenges presented by site conditions and fluctuations in the indoor agriculture market.

### 2. On-site energy generation system

In our prior report, we discussed Burgess’ evaluation of an on-site energy generation system that involved routing landfill gas from the Androscoggin Valley Regional Refuse Disposal District (“AVRRDD”) to the Burgess site for co-firing with wood is the most economically and technically feasible option to reduce operating costs at Burgess. However, the landfill gas remains under contract between AVRRDD and Gorham Paper and Tissue through October 2021. Gorham Paper and Tissue recently changed ownership via bankruptcy, and it is unclear whether that contract will be renewed or put out to bid. Burgess is following developments on these issues closely.

### 3. Waste heat recovery and municipal snowmelt

As discussed in the prior report, Burgess has been working with the City of Berlin to develop a system to recover waste heat from Burgess and to use it to melt snow from the city’s downtown roads and sidewalks. The City of Berlin, Burgess and CSO continue to consider viable financing pathways for the project, including any monies appropriated for infrastructure projects.

### 4. Development of ground-mounted solar resources

As discussed in our previous report, CSO has been working with Nobis Group and New England Solar Garden Corporation to evaluate development of ground-mounted solar resources.

Discussions regarding ground-mounted solar adjacent to Burgess BioPower remain in the nascent stage.

#### V. Conclusion

As discussed above, Burgess BioPower continues in its efforts to find a long-term solution to the operation of the CRF, despite the challenges presented by the COVID-19 pandemic and changes to energy and regulatory policies. A long-term solution will require the input and cooperation of various stakeholders to ensure Burgess BioPower can continue to make a positive contribution towards New Hampshire's energy independence and contribute to its strong economy.