



Burgess BioPower, LLC

Bi-Annual Report Required by Public Utilities Commission Order 26,333

May 2, 2022



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, LLC¹ 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 impacts²:

- Burgess has generated **over \$550 million in statewide economic activity** in its operating history to date, and is projected to generate **\$1.38 billion over 20 years**
- Accounts for **240 jobs** statewide
- **Largest single buyer** of low-grade biomass in the state
- New Hampshire’s **largest generator** of renewable energy

In addition to its important economic and energy impact statewide, Burgess contributes significantly to the local Berlin economy through its payments-in-lieu-of-taxes (“PILOT”) agreement with the City of Berlin:

- Burgess accounts for **25% of annual water fees** and **10% of annual sewer fees**
- Burgess pays **12% of the city’s total annual taxes**
- Burgess has contributed nearly **\$1.2 million to the City of Berlin** in just two years from the sale of Renewable Energy Certificates (“RECs”)
 - A third payment is anticipated for the summer of 2022
- Closure could place the **City of Berlin into receivership**

Burgess is also a key contributor to New Hampshire’s struggling forest products industry. Burgess BioPower purchases more than 800,000 tons of low-grade wood per year and is the largest single buyer of biomass in the state; the project procures biomass from 154 New Hampshire towns across all 10 counties in the state.

And at a time when energy diversity, grid stability, and over-reliance on foreign fuels are key issues, Burgess’ value as a baseload energy generator which runs on locally sourced fuel is more important than ever. ISO-NE has repeatedly warned of the potential consequences of New England’s over-reliance on natural gas; recent geopolitical events have further underscored the risk of dependence on out-of-state or foreign energy sources. Keeping Burgess operational hedges against these risks.

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

² Impacts are outlined in an Economic Impact Study first completed in 2017, refreshed in 2020, and referenced in our [November 1, 2020 report](#).

A breakdown of Burgess' expenditures in key categories from January 2020 through March 2022 is shown below:

Expenditure	Amount
Taxes	3,416,575.69
Berlin Water Works	1,550,961.42
Berlin Pollution Control Facility	382,146.68
REC Revenue Sharing	\$1,174,781
Payments to other local businesses	2,365,078.98
Payments to other NH businesses	7,824,174.93
Wood purchases	54,806,697.35

II. Efforts and Challenges to Developing a Long-Term Solution

As documented at length in past reports, Burgess BioPower has undertaken a variety of efforts to find a long-term solution to the CRF challenge, which are summarized again below. Most of these activities took place while simultaneously functioning as an Essential Service throughout the COVID-19 pandemic, generating power without interruption in full compliance with all regulatory mandates.

The Burgess team invested significant time and resources to fully develop a Contract for Differences ("CFD") with Eversource. A CFD is a proven financial tool used extensively in commodity markets, and acts like a "virtual PPA" to limit the exposure of both parties to market price swings. The CFD would have allowed Burgess to reduce or eliminate the accumulation of the CRF and its contribution to stranded cost recovery, but the challenges posed by the default service bidding requirements from Eversource and the PUC proved too great.

Lastly, Burgess pursued other regional economic development projects to reduce and offset the costs of Burgess' power, such as co-development of a number of suitable businesses including a greenhouse, a data center, and a cryptocurrency mining operation; location of an on-site energy generation system using landfill gas; working with the City of Berlin on a waste heat recovery and municipal snowmelt project; and development of ground-mounted solar resources.

The common denominator among all potential co-location partners is simple: no one is willing to put capital at risk to develop a project which relies on a power plant with an uncertain future. Permanently resolving the CRF is the only way any synergistic project will move forward.

III. Status Conference Request

In February 2022, Burgess filed a motion with the NH Public Utilities Commission ("PUC") to convene a status conference with the parties to the DE 19-142 proceeding. The intent of the filing was to convene interested parties in order to discuss and resolve the issues associated with the

docket, including the CRF balance, possible changes to the PPA that would balance costs to ratepayers with protecting the ongoing operation of Burgess, and alternative paths forward.

The PUC denied the motion.

IV. Legislative Activity

In January 2022, Burgess introduced SB 271, legislation which intended to clarify the cost recovery issues with SB 577 and resolve the outstanding balance owed as a result.

The bill was introduced in the Senate, where it was referred to the Energy and Natural Resources Committee (“ENR”). ENR unanimously passed an amended version of the bill, which was again unanimously passed by the full Senate on the Consent Calendar. The version of the bill passed by the Senate is available [here](#).

SB 271 then moved to the House of Representatives, where it was referred to the Science, Technology and Energy Committee (“STE”). STE, acting through its Chair, Rep. Vose, proposed its own amendment, which provides for a continued one-year suspension of the cap on the CRF and requires Burgess BioPower to submit its financial records to the Department of Energy for investigation and audit.³ STE [adopted this amendment](#) by a 20-2 vote. The bill will now go to the full House for consideration in early May.

V. Conclusion

Ultimately, any long-term solution will require the input and cooperation of various stakeholders.

Should Burgess close, ratepayers would lose their existing \$100 million investment, the forest products industry would suffer further, and the state of New Hampshire would lose 240 jobs and \$1.4 billion in economic activity, along with a baseload power resource that uses local fuel.

Burgess BioPower remains hopeful that the legislative and regulatory processes will result in an outcome that allows the plant to continue operating long-term so that it can continue to contribute to New Hampshire’s energy, environmental, and economic goals.

³ In Order 26,333, the Commission required Burgess to provide cost and profitability records during the SB 577 three-year period. Burgess has submitted that information annually. In addition, while Burgess could have sought confidential treatment of that information, it chose not to, in order to provide transparency regarding its operations.