



Burgess BioPower, LLC

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

November 1, 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 impacts.²

- 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 more than **\$1.8 million to the City of Berlin** in just three years from the sale of Renewable Energy Certificates (“RECs”).
 - A fourth payment is anticipated for the summer of 2023.
- According to testimony from Mayor Grenier, 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 October 2022 is shown below:

Expenditure	Amount
Taxes	\$4,362,742
Berlin Water Works	1,894,316
Berlin Pollution Control Facility	422,521
REC Revenue Sharing	1,776,828
Payments to other local businesses	2,899,439
Payments to other NH businesses	9,992,567
Wood purchases	72,730,263

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, including:

- Developing a Contract for Differences ("CFD") with Eversource, which was unsuccessful largely due to insurmountable challenges posed by the default service bidding requirements from Eversource and the Public Utilities Commission ("Commission");
- Pursuing regional economic development projects to reduce and offset the cost of Burgess' power, like co-location of businesses including a greenhouse, a data center, and a cryptocurrency mining operation; location of an on-site energy generation system using landfill gas; and development of ground-mounted solar resources; and
- Working with the City of Berlin on a waste heat recovery system, a project which is moving forward and is described more fully below.

Ultimately, as we have previously stated, no private co-location partner appears 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.

In April 2022, the City of Berlin applied for federal RAISE grant funding for a downtown infrastructure project and was notified in August that the project would receive a grant award. (The city previously applied for similar funding in 2020 and 2021 but was not selected; however, 2022 saw a different outcome.)

The RAISE grant will fund an innovative reconstruction of the city's downtown that will feature the installation of heated sidewalks and streets. Burgess will play a major role in this important project, as hot water from Burgess' cooling tower will be pumped throughout the downtown via a series of underground pipes. This will save taxpayers money on snow removal costs, allow easier access to local businesses, and make Burgess even more efficient.

Furthermore, Burgess is currently working with the city to explore the possibility of additions to the snowmelt project that will enhance its value and drastically drive down the cost of heat delivered to buildings/owners that connect to the system for district heating (building heating to replace fuel oil use).

III. Legislative Activity

In January 2022, SB 271 was introduced on Burgess' behalf 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 provided for a continued one-year suspension of the cap on the CRF and required Burgess BioPower to submit its financial records to the Department of Energy ("DOE") for investigation and audit. STE [adopted this amendment](#) by a 20-2 vote. The bill passed in the full House in May and moved to Committee of Conference, where it was adopted. The [final version](#) was signed into law by Governor Sununu in June.

As required by SB 271 Burgess has worked diligently with DOE in the conduct of the audit, including the review of Burgess' books and records. As provided by SB 271, DOE must issue its audit by December 31, 2022.

The legislation also directed the Commission to amend its prior orders to implement its policy decision. The Commission did so in Order 26,665, issued on August 11, 2022. Eversource's petition for approval of the PPA amendments made necessary by SB 271 is currently pending before the Commission in DE 22-050.

IV. Default Service Investigation

Berlin Station requested and was granted intervenor status into the recently-opened docket IR 22-053, Investigation of Energy Commodity Procurement. When Burgess' PPA was first negotiated and executed, its power was used as part of default service; post-divestiture, Burgess' power is no longer incorporated in the default service mix.

Particularly during times of volatile, costly, and unpredictable energy supply such as NH is currently experiencing, Burgess provides long-term price stability and supply certainty. Burgess remains ready and willing to collaborate with other parties to use its power in a way that further reduces risk to ratepayers, while mitigating stranded costs.

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.