



## Clean Power Development, LLC

### **Statement by Mel Liston of Clean Power Development, LLC Regarding the Laidlaw Bio-Power project in Berlin, NH November 18, 2010**

Clean Power Development, LLC supports expedited completion of the PUC process related to the Purchase Power Agreement for the Laidlaw Bio-Power project. From a developer's standpoint, Laidlaw has the crucially required market support offered by PSNH, a substantial level of local support from residents and politicians, the financial backing necessary and all the other aspects that support the project. Clean Power does not presently have the market support equivalent to the Laidlaw PPA nor can we obtain it within the present market that is not at all conducive to the development of new biomass projects.

Since the Burgess Pulp Mill shutdown in 2006, Clean Power Development, LLC has been committed to an effort to bring a biomass energy project to Berlin. In 2007 the market environment for our industry was sufficiently robust as to encourage such development. In 2007 a combination of revenue sources including production tax credits, higher valued energy, and higher valued renewable energy credits could be wrapped together in a Purchase Power Agreement available from numerous buyers within the New England market sufficient to justify new facility development. Since that time the overall demand for energy has dropped in relation to available supply as has the commodity value of credits for renewable energy reflecting an increasing lack of sufficient support throughout the New England market. Buyers of renewable energy at rates that can support new construction of biomass facilities are nearly non-existent today. No energy project can complete financing and enter construction without the support of a stable energy buyer and all regulatory approvals. Each state has considerable flexibility to craft or manage its own market for biomass energy development with stable support and incentives, it can also ignore what is needed, or can work to limit or discourage the industry if it so chooses.

The Clean Power Berlin biomass energy project was located to avail itself of considerable synergies planning for a very efficient Combined Heat and Power design with the nearby paper mill as an intended steam customer. Without that steam customer the project is now of similar efficiency as most other generating facilities lacking a

thermal load, however it is still moving forward. The Clean Power project needs clarity in its future such that the unknown final status of Laidlaw Biopower begs resolution. Although some in the region support one project over the other, clearly the majority are in favor that Berlin and Coos County need a new biomass energy project to help lift it up from the localized economic downturn brought about by multiple mill closings and further compounded by a more generalized nationwide slowdown.

Laidlaw Biopower has attracted the substantial support of the state's largest utility that has put forth a Purchase Power Agreement offer now being reviewed before the NH Public Utilities Commission as to appropriateness and prudence in all aspects. The proposed PPA is now available for public view. I have most recently seen this document in its entirety. I shall leave it to the PUC to analyze it in the greatest detail as to all aspects but I can say that the main financial aspects that would support the project are substantially what is required to support any new project paying down debt service and profiting sufficiently as to attract equity. It is generally in line with what Clean Power would need to make our project viable and attractive for investors or lenders. This level of cost cannot be avoided if a new biomass energy electrical generation facility is to be built. The Laidlaw project went before the NH Site Evaluation Committee in a lengthy and expensive process to review all the important issues except what is now included in the PUC process. CPD intervened in that process and provided a valuable service to bring out many issues for discussion and review. Laidlaw by no means was given a pass at the SEC but in the end was approved unanimously subject to multiple conditions the most significant of which requires PUC approval from the process now underway. A component in the SEC decision that carries considerable weight with me was the State of New Hampshire policy to favor utilization of Brownfield over Greenfield sites for new facility siting.

What Laidlaw receives via the PSNH offered PPA provides what is required for a new project to go forward and in light of all that has transpired and is now evident, CPD will assume a non-obstructionist stance toward the Laidlaw project such that CPD will not be perceived as a stumbling block or spoiler for the Laidlaw project, and that the PUC may complete its task expeditiously so that the North Country of New Hampshire may have resolution of this issue and a biomass project soon.

