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Still without financing, Concord Steam makes backup plan to stay put

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Monitor staff

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Concord Steam is still working to finance its long-delayed plant in the South End. But the utility now has a backup plan: remain at its facility on the New Hampshire Hospital campus and improve its existing infrastructure.

Peter Bloomfield, the company's president, said the new, alternative plan exists "because it's taken so long, and to give everybody some comfort." He's still meeting with investors, though, and hopes he won't have to resort to revamping the aging facility.

"It would be a smaller, much smaller project than would happen down at the South Main Street site . . . so it is really just kind of a second string that we're keeping as a 'just in case,'" Bloomfield said.

At a meeting yesterday morning, city and state officials expressed concern about Concord Steam's plans. Both governments have 10-year contracts to purchase power and steam from the South End plant. Even if the new plant is built, it will not be ready by the time the contracts are scheduled to begin in January 2014, said Deputy City Manager for Development Carlos Baia.

"I want Concord Steam to succeed," Mayor Jim Bouley said. ". . . But I'm scared."

Concord Steam purchased land at the corner of Langdon Avenue and South Main Street in 2007 to build a wood-burning plant that would produce steam heat and electricity. The utility says it would lower the cost of the steam heat it provides to more than 130 downtown buildings. Construction for the \$70 million plant has long been delayed while the company sought customers for power the plant would generate.

Bloomfield has said the contracts with the city and state are critical to the new project.

Michael Connor, the state's director of plant and property management, said yesterday that he has concerns about the rising costs of steam heat and the utility's future. He suggested the city and state governments work together to reconsider their contracts and options for purchasing energy.

"So I think (Concord Steam is) going to again look to us to be that anchor, and to what point we can do that, there's a line somewhere where it's not cost-effective," Connor said.

Concord Steam's lease on the state's property will expire within a few months, Connor said. The state's master plan for the New Hampshire Hospital campus includes demolishing the plant to build a parking garage, though he said that was based on an assumption that the utility would relocate.

Connor said the state will begin lease negotiations with Concord Steam in the coming weeks, in hopes of soon learning how long the utility plans to stay on state property.

Acknowledging the project's repeated delays, Bloomfield said yesterday that he wants to decide by the end of April whether to build a new plant. Financing for the new plant has been complicated by changes in federal tax benefits for renewable energy, he said.

"Well, it seems like I'm the usual broken record," Bloomfield said. "But . . . we've been meeting these past two weeks heavily with a bunch of different investors."

Concord Steam is also "an integral part" of Concord's Main Street redesign, Bouley reminded the group of officials gathered in the city council's chambers yesterday morning. The State-Capitol Region Planning Commission meets every three months to review projects that affect both the city and state governments.

Bloomfield, who was not at yesterday's meeting, said that Concord Steam will still be able to provide a snowmelt system for downtown if it remains at the New Hampshire Hospital campus.

Meanwhile, Concord Steam will go before the city's zoning board next week to request an extension on zoning variances needed to build the new plant. The utility received zoning board approval in 2008 and a one-year extension in 2010, followed by another approval in 2011, according to Zoning Administrator Craig Walker.