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Vote clears way for sale of N.H. power plants; payment for scrubber set

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Eversource Energy is one step closer to selling off its New Hampshire power plants, including coal-fired Merrimack Station in Bow.

The House overwhelmingly approved a bill yesterday at the center of a settlement agreement negotiated by the utility, state officials and lawmakers. The deal calls for the sale of the plants and resolves a years-long legal battle over who will pay for a \$422 million mercury scrubber installed at Merrimack Station.

After little debate, the House passed the bill 308-43, launching the legislation over its last major hurdle.

“Many of us made a campaign promise to do what we could to control electric costs in the state,” Republican House Majority Leader Jack Flanagan said in a statement. “This is a proactive measure that will save New Hampshire electric ratepayers millions of dollars.”

Gov. Maggie Hassan in a statement urged lawmakers to send a finalized bill to her desk “as quickly as possible” so she can sign it into law.

Supporters say the settlement deal is a win for ratepayers because it helps avoid a protracted legal fight and means customers will no longer pay to operate and maintain the utility’s aging power plants.

Officials estimate the agreement will save Eversource ratepayers \$380 million in the long term.

The House didn’t directly vote on the settlement. What it approved yesterday is the deal’s use of low-interest bond financing, a central component of the agreement that accounts for most of the projected rate savings.

The bill also gives power to state energy regulators at the Public Utilities Commission to approve or reject the settlement proposal. The legislation calls on the PUC to review the agreement and determine if the terms are in the public interest. Regulators will consider the impact on local communities and whether it fairly distributes costs among customers.

The settlement calls for Eversource, formerly Public Service of New Hampshire, to sell its nine hydro facilities and three fossil-fuel plants, including Merrimack Station in Bow, Newington Station and Schiller Station in Portsmouth.

Eversource is the largest electric utility in the state and the only one that still owns and operates its own power plants. Once the sale is complete, Eversource will purchase power in the competitive marketplace like other utilities in the state, including Unitil and Liberty Utilities. The ultimate fate of the plants is uncertain. But under the deal, they will stay in service for at least 18 months after purchase, and buyers must honor any existing collective bargaining agreements.

It's also not clear exactly how much the settlement will cost ratepayers because it depends on how much the Eversource power plants fetch at auction. Customers have to pay the difference between the book value of the plants, estimated at more than \$600 million, and their sale price, projected last year at more than \$200 million. The bond financing approved by the House yesterday would lower the interest rate on that final cost from about 10 percent to 3 percent.

A \$422 million scrubber installed at Merrimack Station to lower the plant's mercury emissions will make up most of the cost to ratepayers.

The scrubber has been at the center of a years-long legal battle in the state over how much ratepayers should pay for the investment.

The Legislature mandated Eversource install the scrubber in 2006 to reduce pollution. While the project was initially expected to cost \$250 million, the figure grew to \$450 million before the project was completed at a price tag of \$422 million.

The soaring costs prompted a push from some advocates to halt the project, but others opposed that effort. The scrubber went online in 2011.

Under the settlement, Eversource agreed to forgo recovery of \$25 million of the scrubber's cost. Currently the utility's default customers, those who purchase their energy from Eversource, pay a temporary charge of 0.98 cents per kilowatt-hour to cover the scrubber. Under the settlement deal, the cost will be spread out among all Eversource customers, including those who buy electric power competitively. Officials estimate that those average Eversource residential customers who buy power on the competitive market will see a \$5 monthly impact in their electric bills.

Most of the brief debate on the House floor centered on the mercury scrubber.

Rep. Renny Cushing, a Hampton Democrat, questioned the deal.

"Half a billion dollars later, we're back here being asked to pick up the tab," he said. "It just seems like

we're rewarding mismanagement. In a way, that's really outrageous."

But others said ratepayers can't avoid the scrubber cost and the settlement provides the best deal possible to pay for it.

"The bottom line here is that the bill for the scrubber is now due and payable," said Rep. Michael Vose, an Epping Republican. "We can pay a lot for it, or we can pay about \$380 million less."

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