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# Eversource chooses buyers for N.H. power plants, including Bow's Merrimack Station



In this Jan. 20, 2015 file photo, a plume of steam billows from the coal-fired Merrimack Station in Bow (AP Photo/Jim Cole) Jim Cole



The Merrimack Station power plant in Bow is seen at dusk on Thursday, Oct. 12, 2017. (ELIZABETH FRANTZ / Monitor staff)

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The Merrimack Station power plant in Bow is seen at dusk on Thursday, Oct. 12, 2017. (ELIZABETH FRANTZ / Monitor staff)

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Merrimack Station power plant in Bow is seen at dusk Thursday. Eversource has proposed selling all its New Hampshire power plants, including Merrimack Station in Bow and some Concord-area hydropower dams, to a pair of out-of-state companies for \$258 million. Elizabeth Frantz / Monitor staff » [Buy this Image](#)

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Eversource has proposed selling all its power plants, including the Merrimack Station power plant in Bow and some Concord-area hydropower dams, to a pair of out-of-state companies for \$258 million, as part of an agreement that would keep them all operating for at least another 18 months.

The deal announced Thursday, which must be approved by the New Hampshire Public Utilities Commission, would end the decades-long deregulation of the state's electric industry, and finally separate the business of transmitting power from the business of making power. New Hampshire is the last state in the region where a regulated utility still owns any power plants.

Consumer Advocate Don Kreiss estimated that if it goes through, the sale would probably result in a small "net reduction of bills of residential customers" of Eversource because the company could buy electricity more cheaply than the power it currently produces. This decrease should more than compensate, Kreiss said, for an expected increase in rates of about 1.2 cents per kilowatt-hour due to "stranded costs" from past construction, especially the \$457 million scrubbers on Merrimack Station's stacks that remove mercury and some other pollutants.

"There were no unpleasant surprises in the filing. It is a relief that there was, in fact, a successful asset auction that involves the payment of a substantial amount," Kreiss said.

Michael Mooiman, an associate professor in the College of Graduate and Professional Studies at Franklin Pierce University and a longtime observer of regional energy systems, said the price looked good.

"They got more than I anticipated. I was expecting something in the \$150 million to \$200 million range and the total amount of \$258 million was 15 percent higher than the PUC's consultant's estimate of \$225 million," he wrote in an email.

What it means for the Bow plant is another matter, he added: "My gut feel is that the Merrimack (Station) coal-fired facility will not be operating much beyond the 18 months required by the conditions of the sale."

One of the proposed buyers of Merrimack Station, Atlas Holdings, is in the process of switching a coal-fired plant in Greenidge, N.Y., to natural gas and biomass.

### Two buyers chosen

The process of finding buyers for Eversource's various power plants has been going on more than a year. A number of bidders submitted proposals before two were chosen by Eversource. The auction is being overseen by the firm JP Morgan Chase & Co.

One buyer would purchase all the fossil-fuel assets: the coal-fired Merrimack Station; the three Schiller power plants in Portsmouth that burn coal, oil and in one case wood chips; the Newington power plant that burns natural gas and oil; and two small combustion turbines that are used as short-term “peaker plants” to meet sudden demand.

These would be bought for \$175 million by Granite Shore Power LLC, a 50-50 partnership between Atlas Holdings of Greenwich, Conn., and Castleton Commodities International of Stamford, Conn.

The other buyer would purchase Eversource’s nine hydroelectric dams, including Eastman Falls in Franklin and Garvins Falls in Bow, for \$83 million. The proposed buyer is Hull Street Energy, a private equity firm in Bethesda, Md., that focuses on the electric industry.

The purchase agreements call for the new owners to keep the plants in service for at least 18 months, and Eversource said the buyers “must honor a comprehensive employee benefits package established (with) the International Brotherhood of Electrical Workers.”

Eversource said it would pay three years of “tax stabilization payments” for power plants sold for less than assessed value.

In addition, Eversource will provide \$5 million to establish a Clean Energy Fund, details of which will be overseen by state PUC staff and the Office of Energy and Planning.

### Bow plant would fetch \$75 million

Under the proposal submitted in Thursday’s filing with the PUC, Eversource would sell coal-fired Merrimack Station for \$75 million. That figure is of interest to the town of Bow, which is in an ongoing legal battle with Eversource over the taxable value of the power plant.

The town valued it at \$159 million in 2012 and 2013, whereas Eversource said it was worth slightly less than \$68 million, a figure that a Superior Court judge supported this year.

The battle over the conflicting assessments has gone to the state Supreme Court – in fact, both sides were presenting oral arguments Thursday morning even as Eversource announced its choice of buyers.

It’s not clear what effect this 2017 price would have on the dispute, which depends partly on what pieces of equipment the court says are liable to pay property tax.

“There will likely be discussions between each town and the buyer(s) before one can quantify tax implications with certainty,” Eversource spokesman Martin Murray wrote in an email.

Harry Judd, chairman of the Bow board of selectmen, agreed that discussion about what property is taxable will continue.

“We’re looking forward to having the same relationship with the new owners as we’ve had with PSNH for over 40 years,” Judd said.

### More than 20 years

It’s been more than 20 years since the idea first surfaced of making Eversource – then PSNH – sell its power plants. The state Legislature passed a law in 1996 to begin energy deregulation, making us the first state in the nation to go down that road, but the program was stalled by the 2001 financial scandal and collapse of Enron, the first company to sell competitive electricity in the state.

Deregulation only got going again this decade. A 2015 agreement among regulators, legislators and Eversource led to the sale announced Thursday.

If the sale goes through as planned, Eversource customers will buy electricity on the open market from various power plants and resell it, as is currently done by other utilities that don’t own power plants, such as Granite State Electric Cooperative.

The proposed purchase price for Merrimack Station is about \$145 per kilowatt of output. That is three times the 2015 per-kilowatt price for the coal-fired Brayton Point Power Plant in Massachusetts, even though a 2013 analysis by the PUC staff and Liberty Consulting Group said Merrimack Station was “substantially behind (Brayton Point) ... from a competitive standpoint” because Brayton Point produced power more cheaply and thus would dispatch, or sell, more power into the market.

That 2013 report noted that under an economic analysis known as discounted cash flow indicated that Merrimack Station had no value at all as a coal-fired plant, but their analysis gave it a figure “to reflect value for the site itself, which may ultimately be (changed) to a gas combined cycle plant utilizing fuel, water and transmission infrastructure and permits.

The value of coal-fired power plants has been falling in recent years, both because they are being undercut by much cheaper electricity produced by natural gas-fired plants and because they are increasingly constrained by pollution rules. That latter situation may be changing under the Trump administration; Energy Secretary Rick Perry recently proposed new rules that would basically subsidize both coal-fired and nuclear power plants, although it’s unclear whether those rules will go into effect.

On the flip side of Thursday's announcement, the price for the hydropower dams may seem low. The nine dams, all relatively small, can generate a total of 68.2 megawatts. The proposed \$83 million sale price says each megawatt is worth \$1.21 million, yet the 2013 analysis by PUC estimated each megawatt as being worth \$2.38 million, or twice as much.

The recent sale of 13 hydropower dams over in Vermont drew a price of \$1.73 million per megawatt, almost half as much as the proposed Eversource sale price, although the Vermont dams are typically much larger in size.

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