

# Officials uncertain on what Obama's climate plan will mean for Merrimack Station

By JEREMY BLACKMAN

Monitor staff

Saturday, July 13, 2013

(Published in print: Sunday, July 14, 2013)

 Email (#)

 Print (/community/town-by-town/bow/7496205-95/officials-uncertain-on-what-obamas-climate-plan-will-mean-for-merrimack-station?print=true)

 Comments (4) (#comments)

 (#)  (#) 5 (#)

 [http://www.addthis.com/bookmark.php?v=300&winname=addthis&pub=ra-50eadd4868b4a4b7&source=tbx-300&lng=en&s=gmail&url=http%3A%2F%2Fwww.concordmonitor.com%2Fcommunity%2Ftown-by-town%2Fbow%2F7496205-95%2Fofficials-uncertain-on-what-obamas-climate-plan-will-mean-for-merrimack-station&title=Officials%20uncertain%20on%20what%20Obama%E2%80%99s%20climate%20plan%20will%20mean%20for%20Merrimack%20Station%20%7C%20Concord%20Monitor&atra-50eadd4868b4a4b7/-/-/51e4593c3b23fbfe/2/50577d8b3f6caec&frommenu=1&uid=50577d8b3f6caec&ct=1&tt=0&captcha\\_provider=recaptcha](http://www.addthis.com/bookmark.php?v=300&winname=addthis&pub=ra-50eadd4868b4a4b7&source=tbx-300&lng=en&s=gmail&url=http%3A%2F%2Fwww.concordmonitor.com%2Fcommunity%2Ftown-by-town%2Fbow%2F7496205-95%2Fofficials-uncertain-on-what-obamas-climate-plan-will-mean-for-merrimack-station&title=Officials%20uncertain%20on%20what%20Obama%E2%80%99s%20climate%20plan%20will%20mean%20for%20Merrimack%20Station%20%7C%20Concord%20Monitor&atra-50eadd4868b4a4b7/-/-/51e4593c3b23fbfe/2/50577d8b3f6caec&frommenu=1&uid=50577d8b3f6caec&ct=1&tt=0&captcha_provider=recaptcha)

 (#)  (#)

Last month, just weeks after New Hampshire energy regulators recommended that Public Service of New Hampshire divest one or both of its fossil-fuel power plants in an effort to keep its electricity affordable in a marketplace rife with cheap natural gas, President Obama delivered what might have seemed a death blow for the utility's – and state's – largest coal-fired plant.

As part of a multipronged plan to combat climate change, the president announced future federal regulations on carbon emissions from new and existing power plants. The cap, to be developed by the Environmental Protection Agency over the next two years and implemented by June 2016, would limit the amount of pollutants released annually by each plant.

Environmental activists have lauded the move, calling it a significant albeit long-overdue step toward mitigating the impacts of global warming. But critics have chastised the plan for unfairly punishing an already struggling coal industry and jeopardizing thousands of jobs, not to mention a viable source of domestic energy.

In New Hampshire, PSNH officials lamented the announcement, contending their coal-fired plant in Bow, Merrimack Station, is one of the cleanest in the country, that it's already subject to market-based regional emission limits and that coal continues to play a critical role in ensuring that power is available during periods of peak demand, as was the case this past winter.

PSNH spokesman Martin Murray said days after the announcement that his company has no intention of retiring the Bow plant.

“The reality is Merrimack Station still serves a very important function here in New Hampshire and New England,” Murray said.

But outgoing PSNH President Gary Long, speaking to the Associated Press, said the plan raises questions about the fate of the plant, which employs about 100 people.

## Too early to speculate

Given that the EPA has yet to outline the regulations or specify when they would take effect, Tom Frantz, who directs the electricity

division of the New Hampshire Public Utilities Commission, which issued the recommendation last month regarding PSNH's plants, said it's premature to speculate on their impact on the Bow plant. But he said they aren't likely to help the company, which has yet to bill customers for the \$422-million mercury scrubber it was directed to install by the Legislature in 2006, and is facing a potential \$111-million bill for a water cooling tower that the EPA may require it to build in coming months.

Others say future restrictions may have no impact because, unlike much of the country, New England already has in place a market-based regulatory system that indirectly caps carbon emissions. The nine-state Regional Greenhouse Gas Initiative, known as RGGI, forces companies such as PSNH to purchase annual emissions allowances from a limited statewide pool, which was reduced last year from 165 million tons to 91 million tons.

Mike Fitzgerald, who heads the fuels division of the state Department of Environmental Services, said his agency is working to ensure that any future federal regulations do not overlap with those already imposed by RGGI.

“We don't think the New England states should be penalized for implementing RGGI,” Fitzgerald said, adding that California is the only other region to have a market-based emissions cap already in place.

Another potential wild card is timing, said state Rep. David Borden, a New Castle Democrat who chairs the House's Science, Technology and Energy Committee. The EPA has delayed implementation of new regulations in the past, he said, and it is not yet clear whether there is any “sense of urgency” to roll out the president's proposal.

## ‘Keeping the lights on’

If the new regulations are developed, and if they place additional financial constraints on the Bow plant, that would create serious challenges for the stability of the region's power grid, PSNH's Murray said. As natural gas prices spiked this winter, he said, Merrimack Station generated critical electricity for homes and businesses around the state.

In a June 28 letter to PUC Executive Director Debra Howland responding to her agency's findings, Robert Bersal, assistant secretary and associate general counsel at PSNH, expanded on the “insurance” argument. “We must continue to recognize the necessity of keeping the lights on,” Bersal wrote, “especially during the coldest nights of winter; of maintaining good, well-paying jobs within this State; of having a stable and predictable tax base upon which municipalities and the state rely; and of ensuring a safety net to consumers in the event

of local, national, or world events that could significantly impact the cost of energy overnight.”

## Coal's decline

Like other coal plants in the region, the Bow plant's overall relevance has waned over the past decade. According to data from ISO New England, which manages the grid, the contribution that oil- and coal-fired plants have made throughout New England dropped from 40 percent in 2000 to less than 4 percent in 2012. Much of that energy has been replaced with natural gas, which last year accounted for 52 percent of the region's energy output.

And the plant's role during periods of peak demand, such as the multiple cold snaps last winter when gas-powered plants struggled to secure enough fuel, may decline in the coming years as ISO works to improve the grid's reliability. The nonprofit has been working since 2010 to ensure energy supplies keep up with demand during bouts of extreme weather.

At the center of their initiative are new financial incentives for power suppliers, rewarding plants that deliver on projected output and penalizing those that don't. ISO spokeswoman Marcia Blomberg said one way suppliers can better deliver on projections is by diversifying their fuel structure; for instance, adding oil-burning capacity and keeping a supply of oil on hand to keep a plant running if gas is suddenly in short supply.

The group is also working to better align the wholesale gas and electricity markets. In May, ISO pushed up its day-ahead approach to purchasing and selling electricity to give gas-fired plants more time to secure supplies for the following day. The longer lead time will also provide coal- and oil-burning plants, which take up to 24 hours to start up, more notice when they will be needed.

(Jeremy Blackman can be reached at 369-3319, [jblackman@cmonitor.com](mailto:jblackman@cmonitor.com) or on Twitter @JBlackmanCM.)