

# **PSNH Introduces the Northern Wood Power Project**

## **Schiller Station, Portsmouth, NH**

### **FAQ's**

#### **What change to Schiller Station has PSNH proposed?**

PSNH wants to retire one of three existing 50 megawatt coal-burning boilers at its Schiller Station in Portsmouth, NH and replace it with a new, high efficiency boiler that can burn whole tree chips, sawmill residue and other clean, low grade wood materials and wood byproducts as fuel. The new boiler can also burn coal; however, the focus of the project is to burn wood.

#### **Why? Is there an environmental benefit to burning wood?**

Yes. Installing a new, high-efficiency boiler that burns wood is an environmental winner. It will significantly reduce the amount of emissions, compared to that of the current coal-burning unit. The company estimates that total emissions of SO<sub>2</sub>, NO<sub>x</sub>, CO<sub>2</sub> and mercury will be reduced by more than 380,000 tons per year. This new boiler will also help PSNH meet the requirements of the state's Clean Power Act.

#### **Is there an economic benefit to this project?**

Yes. The Northern Wood Power Project will have a significant economic impact on the region and the state. Introducing wood as a primary fuel at Schiller Station will create an important new market for New Hampshire's wood supply industry and the related workers and suppliers that depend on that industry for their livelihoods. That industry has been troubled lately by the closure of some older, smaller, independently-owned wood-burning power facilities. PSNH expects to use up to 400,000 tons of wood materials annually to meet the needs of the new 50 megawatt boiler

#### **For years, PSNH has stated that wood-fired power plants have been a burden on its customers and on the state's economy. What is different now?**

No additional burden on PSNH customers as a result of the project is anticipated, in contrast to long-term rate orders that subsidize some existing independent power plants. The Northern Wood Power Project's high efficiency boiler will produce energy at a much lower emission rate, producing Renewable Energy Credits (see reverse) that will be sold through an open marketplace to offset project costs. The economies of scale associated with the large size of the boiler, and its connection to existing infrastructure, will also help keep costs low.

#### **How much power will be produced – and how much wood will be burned?**

The new boiler will produce the same amount of energy as the existing boiler, about 50 megawatts (MW), enough to meet the needs of about 50,000 typical homes. It is expected to burn up to 400,000 tons of whole tree chips, sawmill residue and other clean low-grade wood materials and wood byproducts annually.

#### **Will wood for the project come from New Hampshire in order to help the state's forest products economy?**

Yes. The company expects to purchase a significant amount of whole tree chips, sawmill residue and other low grade wood materials and wood byproducts from New Hampshire and from NH-based suppliers. PSNH is in the early stages of drafting a comprehensive wood supply plan for the project. We recognize that sustainable forestry and purchasing wood from New Hampshire forests is an important part of this project, and we will find ways to support that goal.

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# Northern Wood Power Project FAQs

## **How will customers be impacted? Will this project increase rates?**

The company's goal is for its customers to have no increases in rates associated with this project. The plan is to have new emerging markets for green and renewable energy essentially pay for the estimated \$70 million investment that the project requires. Both Massachusetts and Connecticut have viable markets for green power, and actually require that electricity suppliers in their states have renewable energy as part of their portfolios.

## **How does the renewable energy marketplace work?**

Both Massachusetts and Connecticut have new and growing state-administered markets for green power. Both require that electricity suppliers in their states have renewable energy as part of their supply portfolio. This green supply requirement will grow over time. In order to comply, suppliers will have to acquire **Renewable Energy Certificates (RECs)** from state-certified suppliers of green or renewable electricity. The Northern Wood Power Project at Schiller Station is in the process of being certified as a renewable project for the Massachusetts program. Once certified and producing power using wood, Northern Wood Power Project will be able to generate 300,000 to 400,000 RECs annually, which can then be sold to suppliers selling electricity into Massachusetts and Connecticut.

## **Why is it that PSNH's Northern Wood Power Project can tap into this new green market and the existing independently-owned wood facilities in NH are not eligible?**

As part of the project, PSNH is planning to install a new, high-efficiency boiler using state-of-the-art technology (technically referred to as a fluidized-bed design boiler) at Schiller Station. Essentially, it is a highly efficient, clean-burning boiler which meets strict efficiency and environmental standards for the renewable programs in Massachusetts and Connecticut. Only new renewable energy sources, such as this, can qualify, produce and sell RECs in the marketplace. Most existing facilities would not qualify for the market. The sale of RECs produced by the Northern Wood Power Project will be used to pay for the Schiller Station conversion.

## **Does PSNH use wood today to produce electricity?**

No. PSNH's current portfolio of owned and operational power plants includes coal, oil, natural gas and hydro-electric facilities. The addition of a wood-fired boiler, that can meet the needs of about 50,000 typical homes, will provide even more diversity to the PSNH fuel mix. That helps ensure the reliability of the supply of electrical energy and helps keep the cost of that energy competitive. PSNH does buy electricity from a number of independently-owned wood-fired power plants in New Hampshire.

## **Why use the Schiller Station location?**

Schiller Station is a great location for the Northern Wood Power Project. The new wood boiler will share key elements of the existing power plant, including staff and infrastructure, thereby keeping costs low. Additionally, the location's transportation network, especially its access to area highways, is a critical asset to the success of the project.

## **When will the Northern Wood Power Project be complete?**

PSNH has filed a request with state regulators for permission to move ahead with the project. If approval is granted by early November, 2003, design and construction will move ahead. The target operational date is December, 2005.