

Power firm seeks Conn. biomass sales to NU-NStar

STEPHEN SINGER - AP Business Writer - Associated Press

Power provider NRG Energy Inc., backed by organized labor and Montville officials, is seeking a requirement by Connecticut that Northeast Utilities agree to buy power from an alternative energy plant as a condition of the utility's \$4.8 billion purchase of Boston-based NStar.

The demand mirrors an agreement announced in Massachusetts last month. The Hartford-based Northeast Utilities and NStar agreed to buy more than a quarter of the power produced by the Cape Wind offshore wind farm as a condition of the proposed deal uniting the two companies.

NRG, based in Princeton, N.J., said its Montville biomass project would provide up to 40 megawatts of power from wood chips, enough for about 32,000 homes. Construction and retrofitting would cost about \$100 million, NRG spokesman David Gaier said.

The company will not build the project without a power purchase agreement because it would not be economical, he said Tuesday.

"We think it's a reasonable thing to do, particularly in this economy," Gaier said.

Sen. Kevin Witkos, the ranking Republican on the state legislature's Energy and Technology Committee, said such an arrangement would be uncompetitive and would shock lawmakers if it's ultimately approved.

"I think people are going to fall over in their chairs," he said.

But Democratic Sen. Bob Duff, also a member of the committee, supports NRG's bid to require the sale of energy.

"NU and NStar stand to make a lot of money off this so it's appropriate they give something back," he said.

NRG says 75 construction jobs would be created in the year it takes to build and retrofit the plant, which currently is fueled by natural gas and oil. Backers of the project say it will support as many as 200 additional jobs in transportation and other areas.

The project also is being touted for helping meet Connecticut's goal of having 20 percent of power from renewable resources — hydropower, fuel cell, wind, solar and biomass — by 2020.

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NRG posted a bigger loss in the last three months of 2011 than a year earlier as surging costs offset higher revenue. It posted a loss of \$109 million, or 48 cents per share, compared with a loss of \$15 million, or 7 cents per share, a year ago. The loss was due mostly to higher costs, which increased by 28 percent, to \$2.12 billion.

John Olsen, president of the state AFL-CIO, said he has spoken in favor of the project with Gov. Dannel P. Malloy and Attorney General George Jepsen — both Democrats — and Daniel Esty, commissioner of the Department of Energy and Environmental Protection. The agency includes the Public Utilities Regulatory Authority, which is reviewing the NU-NStar deal.

"In Massachusetts, they decided to extract some conditions from the company around Cape wind. PURA has to take into consideration the jobs," he said.

Dennis Schain, spokesman for the public utilities authority, said only that the agency is reviewing comments about the merger as part of its decision-making.

Al Lara, spokesman for Northeast Utilities, said the biomass project has no connection to the NU-NStar deal, but NU expects Connecticut's decision will reflect "consideration of all comments."

Montville Mayor Ronald McDaniel said he could not estimate the property tax that would be paid by the biomass plant, but said Montville is losing \$1.2 million in revenue with the shutting of a coal-fired plant that operated for 22 years.

"We've been energy-plant friendly in the past and would like to continue to do so," he said.

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