

UPDATE ON PROPOSED POWER PLANT—1/13/2006

TO: Town Meeting Members and Officials

FROM: William Bottiggi, BELD GM

As you know, Braintree Electric Light Department (BELD) is looking to build a new power plant at its Potter Road facility. Beginning with this memorandum we will update you on a regular basis with our progress on this project. We hope this update will give you the information you need to understand this process. If you need further details, please let us know and we will be happy to provide more information.

WHY A NEW POWER PLANT: Energy consumption in the region continues to grow at approximately 3% a year. New Englanders are developing available land, installing air conditioning and purchasing additional electronic products. In addition, energy prices have been rising steadily and the market continues to fluctuate. All of this puts pressure on the region's already-tight transmission and generation assets. At the same time the only generation currently under serious consideration is BELD's proposed power plant. This means that as electrical load grows New England will rely on older generation to meet this increasing demand, which translates into higher energy costs for consumers. Construction of a power plant gives BELD the opportunity to shield the town from relying on this less-efficient generation.

PROGRESS TO DATE: To date, a nationally known engineering firm has completed a detailed analysis of the project, ensuring that construction of a new power plant in Braintree is a justified undertaking. In addition, we have drafted legislation—approved at Town Meeting—to construct the plant in the most efficient manner. The legislation is headed for the Governor's desk for his signature.

CURRENT ACTIVITY: There are a number of significant efforts currently in progress:

- A Request for Proposal (RFP) has been issued to gas turbine manufacturers, the results of which will allow us to finalize our decision regarding which technology to purchase and install. This effort should be completed by mid-February.
- An advertisement has been placed in the central register and newspapers requesting a letter of interest from engineering/procurement/construction firms (EPC contractors). Respondents will be requested to complete a pre-qualification document, to be returned to BELD in early February. The top six firms will be issued an RFP allowing them to compete for the right to be chosen as the design build firm.
- An RFP is being developed for issuance to permitting firms. Permitting a power plant is a complex and time-consuming process. It is BELD's goal to award this contract by March 1, 2006, in order to stay on schedule to begin construction in 2007.
- Funding of the power plant will require bonds to be issued by BELD and the Town of Braintree. We have begun working with the Town Treasurer and his consultants to properly step through this process, allowing the issuance of the bonds after Town Meeting approval.
- In order to build the new power plant the old, retired Potter unit I generating station will need to be demolished. This work will also require a competitive bidding process, which we anticipate to be completed during the summer/fall of 2006.

TOWN MEETING: We look forward to making a detailed presentation to you at Town Meeting this May, clarifying why construction of this plant is vital to stabilizing Braintree's electric rates and protecting residents from market forces that we believe will begin to dominate the New England region within the next few years. At this meeting we will also request your vote to approve funding of the project.

AFTER TOWN MEETING: If the project remains on schedule, we anticipate the plant will go online in 2009. Once funding is approved BELD will:

- Finalize plans for and commence demolition of the retired Potter I generating station
- Continue with the permitting process
- Place an order for material and equipment that have long lead times
- Finalize contractual terms with the design build contractor