

UPDATE ON PROPOSED POWER PLANT—3/17/2006

TO: Town Meeting Members and Officials

FROM: William Bottiggi, BELD GM

We are sending you this periodic update on our proposed power plant project in order to help you make an informed decision at this spring's Town Meeting. It is our goal to provide you with as much information as possible regarding BELD's article requesting funding of the new proposed power plant.

WHY WE ARE LOOKING TO BUILD A POWER PLANT: The electric utility industry will undergo a major change over the next four years. Starting in 2007, electric utilities will be required to begin making payments to companies with generation in order to encourage the construction of new power plants. This "Forward Capacity Market" will place a significant burden on electric utilities who do not own power plants. With its existing Potter II power plant and the addition of this new power plant, Braintree Electric Light Department (BELD) will be protected from these anticipated high-capacity payments. In addition, the new power plant will be significantly more efficient than the existing Potter II power plant, providing us with a stable source of electricity.

Admittedly, this is a complex issue which is better explained in person. BELD will be hosting two Open Houses for Town Meeting members in April (details below), where attendees can see artist renderings and ask detailed questions.

PROGRESS TO DATE

PERMITTING: The first major activity required to successfully construct a power plant is permitting. State and Federal laws require an intensive review process in order to protect the environment (air, water, sound and wildlife). This piece of the power plant project is expected to take between 12 and 18 months. BELD has issued to and received bids from five permitting firms competing to perform this work for us. We anticipate finalizing our selection by the end of March and issuing a limited notice to proceed.

TECHNOLOGY: As previously announced, we have finalized our decision regarding the technology to be used for the proposed plant. A simple-cycle gas turbine manufactured by one of four companies will be chosen as the prime mover for this project. This technology will provide BELD with the ability to protect customers and ratepayers from the high electric prices anticipated in the future. The purchase of this gas turbine now awaits funding approval at Town Meeting in May,

GENERAL CONTRACTOR: Earlier this year BELD advertised nationally to generate a letter of interest from contractors who wanted to participate in the Request for Proposal (RFP) process to bid on construction of the power plant. Fourteen firms responded to this letter of interest, from which five have been selected to receive the RFP. This RFP will be issued this spring/early summer with responses due back and a final selection made in late summer. (This is of course also dependant on a positive outcome at Town Meeting.)

OPEN HOUSES: Please plan on attending one of two Open Houses at our Potter Road office. These informational sessions will help you make an informed decision regarding the construction of a new power plant. The meetings are scheduled for **6:30 p.m. on Tuesday, April 11** and **Wednesday, April 19**. Refreshments will be served.

Once again, with this *Update* we have enclosed a copy of an article we think you may find interesting. We believe BELD's proposed power plant will keep Braintree residents' rates affordable.