

May 10, 2011

Re: Docket No. 2009-02 – Laidlaw Berlin Biopower, LLC

To Whom it May Concern,

Please be advised that the City of Berlin has had an opportunity to review the Decommissioning Plan proposed for the Laidlaw Berlin Biopower project. By signature below, and in accordance with the State of New Hampshire Site Evaluation Committee's Certificate, this plan has been deemed acceptable by the City of Berlin, NH.

A handwritten signature in black ink, appearing to read 'Patrick MacQueen', written over a horizontal line.

Patrick MacQueen
City Manager, City of Berlin

LIDLAW BERLIN BIOPOWER DECOMMISSIONING PLAN

INTRODUCTION

As required by the Certificate of Site and Facility (“the Certificate”) issued to Laidlaw Berlin BioPower (LBB), this document provides a plan for decommissioning of the facility under certain circumstances as summarized below. This plan provides for decommissioning the facility in a manner that minimizes potential adverse impacts to the environment and prevents risks to public health and safety, while facilitating opportunities for future industrial and commercial uses of the site. This plan includes an estimate of the costs to complete the decommissioning as described herein, and provides methods for creating funding for those activities, as required by the Certificate¹.

DECOMMISSIONING CONSIDERATIONS AND CIRCUMSTANCES

The facility is expected to have a useful life of 30 years or more, under its proposed design. The operating history of biomass facilities throughout New England and across the United States, most of which were constructed and began operating in the 1980’s, demonstrates that such facilities readily meet or exceed a 30 year life expectancy. The operating history of the coal fired generating fleet in the US further shows that the life of electric generating facilities may exceed 50 or more years with certain equipment upgrades and modifications. The likelihood of decommissioning being necessary for many decades into the future is extremely low.

In the event that the facility’s owners elect to no longer operate the plant, it is reasonable to expect that buyers could be identified to take over operation of the facility. This is particularly true given the facility’s advanced technology and the ongoing regional and national emphasis on renewable energy generation. It is necessary to establish a period of time from the point where operations may cease before decommissioning activities are required.

Much of the equipment associated with the energy facility will retain significant value for many years into the future. Should the facility’s operations cease and no new buyers are identified. LBB will seek buyers for individual plant components such as the steam turbine generator, the cooling tower, wood fuel handling equipment (conveyors, grinders, screens, etc.), storage tanks, etc. As discussed below, the residual value of the plant’s equipment will be more than adequate to cover the overall cost for decommissioning of the facility.

Given the above considerations, decommissioning of the facility will occur under the following circumstances:

¹ State of New Hampshire Site Evaluation Committee, Docket 2009-02, Order and Certificate of Site and Facility With Conditions, November 8, 2010, Page 4.

1. If the facility ceases operation for one month, LBB will provide monthly status reports to the Site Evaluation Committee and the City of Berlin regarding plans and prospects for re-starting the plant, sale of the facility as a whole, or the sale of individual plant components in preparation for overall facility decommissioning.
2. If the facility is not re-started within 12 months of ceasing operations, and there are no plans for restarting the facility within three years of its shutdown and no continuing discussions regarding sale of the facility are occurring, decommissioning activities will commence.
3. The costs for decommissioning will be covered by the sale of plant components that retain value beyond that of scrap materials.

DECOMMISSIONING ACTIVITIES

The objective of the decommissioning activities will be to return the site and facility to conditions similar to those that existed prior to development of the biopower facility, and assure that the resulting conditions do not pose a threat to public safety or the environment. The following steps will be taken to achieve these goals:

1. All raw materials such as wood fuel, fuel oil, and chemicals, along with any waste materials such as boiler ash and fly ash will be removed from the site. Storage areas will be cleaned sufficient to remove any residual materials that could cause environmental contamination or a threat to public safety.
2. Any equipment and structures that cannot be reasonably used by any future industrial or commercial occupants of the site will be removed.
3. Remaining structures will be secured to prevent uncontrolled access.
4. Any remaining disturbed areas will be leveled or landscaped as appropriate.
5. Stormwater collection systems such as catch basins will be cleaned and the functionality and adequacy of stormwater management structures will be verified to assure their ongoing performance.

DECOMMISSIONING COSTS AND FUNDS

The table below itemizes the expected activities and associated costs to decommission the facility as described above. These costs include conservative estimates of the quantities of materials to be disposed by assuming the maximum quantity of raw materials such as aqueous ammonia used in the emissions control and fuel oil used for boiler startup remain on site and need to be disposed. Given the lapse of time that is afforded by this plan between the point of shutdown and implementation of decommissioning activities, LBB does not anticipate that any wood chip fuel would remain on site, and if it did, would be removed at no cost by a potential end user. Removal of most plant components is

assumed to occur at no cost as the removal firm would be compensated by the scrap value. This is the exact contract mechanism currently in place for removal of components from the current boiler that will not be re-used for the Project. The only major component for which positive revenue is assumed to be available at the time of decommissioning is the steam turbine generator, a device that costs approximately \$14 million as purchased for the Project. Experience has shown that steam turbines hold significant residual value for many decades. In fact, LBB originally proposed to purchase and install a used turbine for the Project, which was over 50 years and had an approximately value of \$1.5 million. Other major components such as the generator step up transformer, cooling fans and motors, truck scales and dumps, spare parts and mobile equipment can also reasonably be expected to have positive residual value that could be used toward decommissioning activities, but have been assumed to be removed at cost. The table clearly shows that even with these highly conservative assumptions, the residual value of the plant equipment will be more than adequate to cover the costs of decommissioning.

LAIDLAW BERLIN BIOWPOWER - BERLIN STATION
DECOMMISSIONING COSTS ESTIMATE

ITEM	DISPOSITION	COST	BASIS
Wood Chips		\$ -	Assume none remaining on site
Aqueous Ammonia	Removed as waste	(\$80,000)	Full Tank = 10,000 gals, \$8.00/gal disp cost
Distillate Fuel Oil	Sold to others	\$37,500	Tank half full = 25,000 gals, \$1.50/gal value
Misc. Lubricants	Removed as waste	(\$80,000)	10,000 gals in storage, \$8/gal disp cost
Water Treatment Chemicals	Removed as waste	(\$32,000)	4,000 gals in storage, \$8/gal disp cost
Ash Removal	Removed as waste	(\$250)	10 tons @ \$25/ton disposal cost
Cooling Tower	Sold as used equipment or scrap	\$0	Assume salvage value = removal cost
Wood Handling Equipment	Sold as used equipment or scrap	\$0	Assume salvage value = removal cost
GSU Transformer	Sold as used equipment	\$0	Assume value = removal cost
Steam Turbine & Ancillaries	Sold as used equipment	\$1,430,000	Assume value = 10% of purchase cost (\$14.3MM)
Misc equipment (fans, SCR, duct work)	Sold as used equipment or scrap	\$0	Assume salvage value = removal cost
Sound barrier walls	removed and disposed	(\$45,000)	5 days demolition work and material disposal
Stormwater basins	Clean out	(\$20,000)	lump sum estimate for service
Misc. cleaning		(\$20,000)	lump sum estimate for service
Cleaning & maintenance of grounds		(\$20,000)	lump sum estimate for service
Site Security		(\$20,000)	lump sum estimate for service
		\$1,150,250	