

Monitor editorial A new steam plant worth paying more

By: Monitor staff

Concord's downtown is the heart of the city. The pipes connecting its buildings to **Concord Steam** are the arteries and veins that warm that heart. Decisions made in coming weeks will have an enormous impact on the economic health of Concord's downtown and the price the city and state will pay to heat and light their buildings. Government officials and the utility should make every reasonable effort to keep the city's heart healthy. **Concord Steam** needs to move from the state hospital campus to land it purchased in the old South End rail yards. Heating with the steam produced by the company's aged facility has become so costly that some of its customers are switching to natural gas. If customers continue to leave, the price of steam will continue to climb, and the viability of **Concord Steam** as a going concern will eventually be in jeopardy.

Higher steam prices make for higher rents, which make for more empty storefronts. If **Concord Steam** were to close up shop, some downtown property owners could afford to convert their buildings' heating system. Others, perhaps, could not. Landlords who did switch from steam to gas heat would have to recoup their investment by charging higher rents. More empty storefronts. The utility wants to build an efficient, \$70 million cogeneration plant that would enable it to sell steam for 30 percent less and produce nine times more electricity than its current facility. To get the money it needs to do so, **Concord Steam** needs long-term contracts to sell electricity at a price that will be above market rates. How much more will be clear in a few weeks, when power suppliers, including presumably one with a contract to provide electricity generated by **Concord Steam**, submit bids to the state.

The equation used by city and state officials to decide how much extra it makes sense to pay to make the new power plant possible is complex and filled with variables. How much, for example, would it cost to convert the heating system at Concord High School and Rundlett Middle School High, for example? What effect will building the new plant have on property values? What about the effect of not building it? What value should be placed on heating with a renewable fuel whose production creates jobs in New Hampshire? City and state officials are struggling to make the numbers work.

If the new plant is built, the price of steam would come down and the need to convert hundreds of large heating systems would be avoided.

The city would get far more tax revenue, and more downtown sidewalks could be warmed in winter rather than plowed. A new power plant near the South End Marsh could also lead to the redevelopment of what is now a blighted area. The site would be perfect for alternative energy industries or greenhouses warmed by the power plant's waste heat. More jobs and more tax revenue, at least potentially.

The upsides of building a new plant - and downsides of not doing so - are so large that the city and state government should be willing to pay more and enter into a long-term contract. The question is: How much more?

If, when the bids come in, the numbers don't work, the city, the state and the rest of **Concord Steam**'s customers will have to come up with a Plan B before the heart of the city stops beating.

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