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New owners to shutter outmoded Brayton Point Power Station in 2017

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Bob Thayer/The Providence Journal

Oct. 8, 2013: Somerset's Brayton Point, the largest coal-fired plant in NE and one of Massachusetts's heaviest polluters, will shut down by 2017. A view of the Brayton Point Power Plant just after sunset Tuesday, taken from the Swansea shoreline

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BY ALEX KUFFNER

Journal Staff Writer

akuffner@providencejournal.com

SOMERSET — Brayton Point Power Station, the coal-fired workhorse of the New England power grid for a half-century and one of the region's biggest polluters, is set to close, its new owners announced this week.

Energy Capital Partners, a private equity firm that purchased the 1,500-megawatt power plant this month, said it will shut down the facility by 2017 because it failed to secure a new agreement with ISO-New England, the operator of the regional power grid.

The New Jersey-based energy firm cited a host of issues in announcing its decision to close the plant, including low electricity prices because of the surplus of natural gas and the cost of meeting stricter environmental rules. The move comes just five weeks after it closed on the purchase of the facility from the Virginia-based energy conglomerate Dominion Resources.

Energy analyst David Schlissel said "a perfect storm" of circumstances has created a bleak outlook for coal-fired power plants in the United States. The price of natural gas, coal's chief competitor these days, is historically low. Overall demand for power is weak because the economy hasn't fully recovered. And utilities are increasingly being required to purchase electricity from renewable sources, including wind and solar.

Environmental regulations have also tightened, making it harder for coal plants, which are generally old and dirty, to stay in operation.

"You put all those factors together and it's not economic to operate Brayton Point," said Schlissel, who co-authored a report on the power plant for the Conservation Law Foundation, which has lobbied against the plant's operation.

Brayton Point is the largest power plant that burns coal in the six New England states. At peak capacity, it can supply power to 1.5 million homes. Located at the head of Mount Hope Bay, just across the border from Rhode Island, its twin concrete

cooling towers can be seen from miles around.

Because electricity flows the shortest distance to where it's needed, it's generally thought that the plant supplies a large chunk of eastern Rhode Island's power needs. Although the regional power grid has more than enough supply, the closing is being closely watched by state regulators.

"It's an obvious concern because it's a significant amount of capacity," said Thomas Kogut, a spokesman for the Rhode Island Division of Public Utilities and Carriers.

Environmental and public health advocates have long lobbied for the closing of the plant. As recently as 2008, it was the leading source of toxic emissions in New England and in many years has been the top source of air pollution in Rhode Island, said Sylvia Broude, executive director of the Toxics Action Center.

Activists stepped up their efforts this past summer with a series of protests aimed at bringing awareness to the climate change impacts caused by emissions of greenhouse gases by Brayton Point and other coal-fired generators.

New England has six coal-fired power plants, but two in Massachusetts — the Mount Tom plant in Holyoke and the Salem Harbor facility — have filed plans to close. Jonathan Peress, vice president of the Conservation Law Foundation, said that if Brayton Point, seen as the newest and most efficient of the remaining coal-fired generators, cannot survive, it does not bode well for the others.

"That in essence shows that all of the coal-fired power plants are no longer economically viable in New England," he said.

They have been left behind by the market, he and others say. Hydraulic fracturing, or fracking, has tapped huge supplies of previously unreachable natural gas in Pennsylvania and other parts of the country. The glut of cheap shale gas has made it harder for coal to compete.

Nationally, coal is still the most common source of power production, but its use is falling. The use of coal to generate electricity declined by a quarter over the past decade while the use of natural gas doubled over the same period, according to the U.S. Energy Information Administration.

Coal-fired plants supplied only 3 percent of New England's power in 2012, compared with 52 percent from natural gas facilities in the region, according to ISO-NE's latest figures on local generating units and imports.

Coal plants are shutting down around the nation. Ten thousand megawatts of generating capacity was retired from the beginning of last year to August 2013, according to research firm SNL Energy. The Sierra Club says 150 coal-fired power plants, including Brayton Point, have closed since 2010. Another 28,000 megawatts of capacity is set to go off line by 2022.

Brayton Point is the second coal-fired plant to close in Somerset. The much smaller Montaup plant closed in 2010. Pauline Rodrigues, a Somerset resident and founding member of the Coalition for Clean Air South Coast, said she and others have lobbied the town to prepare for Brayton Point's closing and the potential loss of millions in tax revenue and the 240 jobs at the plant.

"I'm not sure what's going to happen now," she said. "It's very scary for the town."

In a statement, Curt Morgan, CEO and president of the Energy Capital Partners subsidiary that owns Brayton Point, said, "We understand the impacts that this decision to retire Brayton Point Station will have on the employees of Brayton Point, local community and other stakeholders."

Coal-fired generators are the dinosaurs of the power industry. Three-quarters of the coal power plants operating in 2010 were at least 30 years old, according to the EIA.

The first two coal generators at the Brayton Point started operating in 1963 and 1964. A third was added in 1969. Five years later, a fourth generator was installed that can burn oil or natural gas.

Dominion Resources, which bought the plant in 2005, invested \$1.1 billion to install better pollution controls and build the two 500-foot high cooling towers that are used to prevent the waters in Mount Hope Bay from overheating.

But that investment came on the verge of the fracking boom and the economic recession. The plant started to operate less frequently, its capacity factor dropping from 85 percent in 2007 to a paltry 16 percent in 2012.

Dominion put the plant up for sale last year and early this year announced that Energy Capital Partners would buy it. The firm, which owns other gas-fired plants in Massachusetts, agreed to pay Dominion \$650 million for Brayton Point and two power plants in Illinois.

Brayton Point had once been valued at a half-billion dollars, said Schlissel. He estimated the plant's value as part of the deal at closer to a tenth of that figure.

"This was buy one, get one free," he said.

ISO-NE holds an auction three years in advance of when it will need supply as part of its forward capacity market. The auction for the 2017/2018 period will be in February.

Generating units submit bids in advance for review, said Ellen Foley, spokeswoman for ISO-NE. Those bids, including one for Brayton Point, were submitted in the past few weeks and reviews were then sent out.

Foley would not say if the review of Brayton Point's bid was positive or negative, but Energy Capital Partners' decision to take the plant out of operation followed its receipt of the review. It notified ISO-NE on Sunday of its decision.

It's unclear what will happen to the plant. Peress said the two cooling towers will stand as reminders of an obsolete technology.

"They provide testament to a failed business strategy," he said.



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