

March 17, 2022

Statement from PMLP Regarding Waters River Unit 1

In anticipation of having required replacement capacity available from the cleaner and more efficient Project 2015A, Peabody Municipal Light Plant (PMLP), the consumer-owned utility serving Peabody and South Lynnfield, will begin the process of shutting down its Waters River Unit 1 generator (Unit 1).

PMLP Will Start the ISO-NE Process to Shut Down Unit 1 During the Spring of 2022.

The Independent System Operator-New England (ISO-NE) rules require that, during specific time periods, PMLP seek approval from the ISO-NE to shut down Unit 1. By seeking approval from the ISO-NE to delist Unit 1, PMLP will undertake the first step in the process of shutting down Unit 1 in the first available time period during the spring of 2022.

Why Does PMLP Need to Adhere to The ISO-NE Rules?

While the PMLP owns and operates Unit 1, PMLP does not control when and for how long Unit 1 operates. The ISO-NE, the entity in charge of electric reliability for Massachusetts and all of New England, controls when Unit 1 operates and for how long.

Why is Unit 1 in the ISO-NE Capacity Market?

PMLP, like every ISO-NE participant providing electricity to consumers, is required to have sufficient capacity (the ability to generate electricity) to cover the PMLP's customers' highest use in a year - otherwise known as the peak demand - plus an additional 40%. Unit 1 is used for capacity purposes helping PMLP meet its capacity requirement. Consequently, PMLP is obligated to place Unit 1 in the ISO-NE capacity market where all capacity in New England is placed and controlled by the ISO-NE.

What is the ISO-NE Process to Shut Down Unit 1?

Because ISO-NE relies on all generating units in the capacity market for New England-wide electric system reliability, the owner of a generating unit cannot simply shut a unit down. There is a specific process by which the owner of a generating unit must seek approval from the ISO-NE to remove the unit from the capacity market through what is

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known as a “delist” bid. The ISO-NE must evaluate a delist bid, taking into consideration a host of issues, particularly reliability of the New England electric system.

Under the ISO-NE rules, if the delist bid is granted, the unit would be removed from the capacity market three and a half years from that grant. That means that if the PMLP Unit 1 spring 2022 delist bid is cleared by ISO-NE, given the ISO-NE rules, Unit 1 would be taken out of service in June, 2026. To the extent Project 2015A progresses as planned in the ISO-NE capacity markets prior to 2026, PMLP will use the capacity from Project 2015A to replace the capacity from Unit 1 in the capacity markets.

What are the Benefits of Delisting Unit 1?

In addition to less CO₂ emissions, the biggest health benefit of taking Unit 1 out of service is lowering NO_x emissions in and around Peabody by approximately 70%.

What Will PMLP do Between Now and 2026 with Unit 1?

Because of its age and technology, Unit 1 running on oil during the winter results in relatively high NO_x emissions. In order to capture essentially the same benefits of delisting Unit 1 between now and 2026, not running Unit 1 during the winter months on oil will result in the same (approximately 70%) reduction in NO_x emissions. Such a NO_x reduction will benefit the communities in and around Peabody.

Using other ISO-NE rules, commencing in November, 2022 and from then through 2026 PMLP will submit bids not to run Unit 1 on oil except as required for testing in adherence to Massachusetts Department of Environmental Protection and ISO-NE regulations. This approach will be used by PMLP until the time period by which ISO-NE allows Unit 1 to shut down.

Thus, this voluntary interim action by PMLP commencing in the winter of 2022 as well as the shutdown of Unit 1 will have a dramatic and significant improvement on health impacts in designated environmental justice areas in and around Peabody.