

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: February 11, 2009

AT (OFFICE): NHPUC

FROM: Maureen L. Reno *MLR*
Utility Analyst III

SUBJECT: DE 08-175, Conservation Services Group's
Application for Class I and Class III Eligibility Pursuant to RSA 362-F
Staff Recommendation

TO: Chairman Thomas B. Getz
Commissioner Graham J. Morrison
Commissioner Clifton C. Below
Debra A. Howland, Executive Director and Secretary

CC: Jack K. Ruderman, Director of the Sustainable Energy Division *JKR*
Suzanne Amidon, Staff Attorney

Summary

On December 30, 2008, Conservation Services Group submitted an application requesting the Commission grant approval of Seneca Energy II, LLC's Seneca Falls landfill methane gas facility (Seneca Falls facility) to produce Class I and Class III Renewable Energy Certificates (RECs) pursuant to RSA 362-F, New Hampshire's Electric Renewable Portfolio Standard law. Pursuant to RSA 362-F:4, Class I eligibility requires a facility to have begun the production of electricity after January 1, 2006 and to use certain sources to produce electricity, one of which is methane gas. Class III eligibility requires a methane gas facility to have begun operation prior to January 1, 2006.

Pursuant to RSA 362-F, the Commission, in a non-adjudicative process, must issue a determination of whether a facility meets a particular classification within 45 days of a completed application. The Seneca Falls facility is a landfill methane gas facility with a total name plate capacity of 17.6 megawatts. To reach this final capacity the project has been constructed in three phases, each phase adding new capacity. In July 2007, Seneca's third addition of 6.4 megawatts in capacity became commercially operational and, as a result, this third installment meets Class I eligibility under New Hampshire's RPS Law. The facility meets the Class III and Class I eligibility requirements under RSA 362-F:4 and Conservation Services Group has complied with

the N. H. Code Admin. Rule Puc 2500 and has provided all the necessary information. Based on its review of the application, Staff recommends that the Commission approve the Seneca facility as eligible for Class III and Class I RECs.

Analysis

The Seneca Falls facility is located at 2121 State Route 414, Seneca Falls, New York. Seneca Falls began commercial operation in March 1996 as a 5.6 megawatt facility and added an additional 5.6 megawatts for commercial operation in September 1998. Seneca Falls' third addition of 6.4 megawatts in capacity became commercially operational in July 2007. The NEPOOL GIS facility identification number for the first phase of construction is IMP 32513. The NEPOOL GIS facility number for the second and third phases is IMP 32528.

Pursuant to RSA 362-F:4 I(i), the incremental new production of electricity in any year from a methane source over its historical generation baseline may be eligible to produce Class I RECs, provided the Commission certifies demonstrable completion of capital investments attributable to the efficiency improvements, additions of capacity or increased renewable energy output. The applicant provided the historical generation baseline, defined in RSA 362-F:2 X (a), as the average annual electrical production from a facility other than hydroelectric, stated in megawatt-hours, for the 3 years 2004 through 2006. Seneca Falls' average annual electrical production from 2004 to 2006 is 90,813.63 megawatt-hours. Also, given that the facility increased its capacity from 11.2 megawatts to 17.6 megawatts in 2007, the applicant has demonstrated that the facility completed capital investments intended to increase renewable energy output required under RSA 362-F:4 I(i). Any electrical output that exceeds this historical generation baseline is associated with the installation of the 6.4 megawatts and, as a result, is eligible to receive Class I RECs.

Pursuant to Puc 2505.02 (b) (8), the applicant must submit proof that it has "an approved interconnection study on file with the commission, is a party to a currently effective interconnection agreement, or is otherwise not required to undertake an interconnection study." The applicant submitted a copy of the cover letter the interconnection agreement submitted to the Federal Energy Regulatory Commission (FERC) and titled "Small Generator Interconnection Agreement" among the New York Independent System Operator, Inc., New York State Electric & Gas Corporation and Seneca Energy II, LLC effective June 18, 2007. Although the applicant did not submit the interconnection agreement, Staff verified with FERC that the Interconnection Agreement is on file with FERC.

Pursuant to Puc 2505.02 (b) (11), the applicant shall include a statement as to whether the facility has been certified under another non-federal jurisdiction's renewable portfolio standards and proof thereof. The applicant stated and Staff verified that the facility has been certified under the Connecticut, Maryland and Massachusetts renewable portfolio standard programs.

The Seneca Falls facility is located in New York, which is a control area adjacent to the New England control area. Therefore, the facility geographically qualifies to import power into the control area pursuant to the NEPOOL GIS Operating Rules 2.7(c). Pursuant to Puc 2504.01(a)(2), a facility in an adjacent control area may be eligible to produce renewable energy certificates provided that the electricity is delivered within the New England control area and is verified by submitting to the Commission the following:

- a) Documentation of a unit-specific bilateral contract that is executed between the source owner, operator, or authorized agent and an electric energy purchaser located within the New England control area;
- b) Proof of associated transmission rights for delivery of the source's electric energy to the New England control area;
- c) Documentation that the electrical energy delivered was settled in the ISO-New England wholesale market system;
- d) Documentation that the source produced the amount of megawatt-hours claimed per hour, as verified by the GIS administrator; and
- e) Confirmation that the electricity delivered received a North American Electric Reliability Corporation tag from the originating control area to the New England control area.

Also, if the originating control area employs a generation information system that is comparable to the GIS, such system may be used to support the documentation required in item d) of Puc 2504.01 (a)(2). Therefore, given that the facility is located in New York, which is an adjacent control area, the applicant will need to provide to the Commission proof that the electricity produced by the facility was imported into the New England control area to receive Class III and Class I RECs associated with that electricity. The applicant must provide such proof when it submits similar information to the GIS administrator as required by GIS Operating Rule 2.7(c).

Recommendation

Staff has reviewed Conservation Services Group's application for the Seneca Falls facility and can affirm it is complete pursuant to N. H. Code Admin. Rule Puc 2500. Staff recommends that the Commission certify the Seneca Falls facility as being eligible for Class III RECs and that generation greater than Seneca Falls' historical generation baseline be eligible for Class I RECs, effective December 30, 2008, the date on which Staff was able to make a determination that the facility met the requirements for certification as a Class III and Class I renewable energy source.