

STATE OF NEW HAMPSHIRE

Intra-Department Communication

DATE: June 3, 2010
AT (OFFICE): NHPUC

FROM: Maureen L. Reno *MLR*
Utility Analyst

SUBJECT: Staff Recommendation Re: DE 10-120 Indeck Energy-Alexandria,
LLC Certification Application for Class III Eligibility Pursuant to
RSA 362-F

TO: Chairman Thomas B. Getz
Commissioner Clifton C. Below
Commissioner Amy L. Ignatius
Debra A. Howland, Executive Director

CC: Jack K. Ruderman, Director, Sustainable Energy Division
Suzanne Amidon, Staff Attorney



On April 30, 2010, Indeck-Alexandria, LLC submitted an application requesting that the Commission change the Indeck Alexandria biomass facility's (Alexandria facility) current certification as a Class I renewable energy facility to a Class III facility. Previously, on April 14, 2010, the Commission issued a secretarial letter granting approval of the Alexandria facility as eligible to produce Class I renewable energy certificates (RECs) pursuant to RSA 362-F, New Hampshire's Renewable Portfolio Standard law. Although the facility initially began operation in January 1988, Indeck purchased the facility in 1997 and recommissioned it in 2008. Since Indeck completed capital investments intended to restore generation that exceeded 80 percent of the federal income tax basis threshold for the new plant as required under RSA 362-F:4, I(j), the Commission granted the facility Class I eligibility. However, in its current application, Indeck avers that switching to Class III eligibility is in the best interest of New Hampshire customers because the demand for Class I RECs is significantly less than the demand for Class III RECs since the minimum 2010 obligations for Class I RECs and Class III are 1 percent and 6.5 percent, respectively.

Indeck's request that the Commission change the Alexandria facility's eligibility status does not comport with New Hampshire's RPS law. RSA 362-F:4, I(j) states that production of electricity from a Class III or IV source that has begun operation as a new facility by demonstrating that 80 percent of its resulting tax basis of the source's plant and equipment is derived from capital investment does not qualify for Class III or Class IV RECs. Therefore, Staff recommends that the Commission deny Indeck's request.