

EXHIBIT 2



STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC UTILITY CONTROL
TEN FRANKLIN SQUARE
NEW BRITAIN, CT 06051

DOCKET NO. 06-07-07 APPLICATION OF GREENVILLE STEAM COMPANY FOR
QUALIFICATION AS A CLASS I RENEWABLE ENERGY
SOURCE

March 7, 2007

By the following Commissioners:

Anthony J. Palermino
Anne C. George
Jack R. Goldberg

DECISION

I. INTRODUCTION

A. SUMMARY

In this Decision, the Department of Public Utility Control determined that untreated sawmill waste, woodchips, clean wood waste from local wood products manufacturing companies and coffee grounds qualify as "sustainable biomass" as defined in Conn. Gen. Stat. §16-1(a)(45). The Department also determined that No. 2 fuel oil does not qualify as "sustainable biomass" as defined in Conn. Gen. Stat. §16-1(a)(45). However, the Department would allow a sustainable biomass facility to use No. 2 fuel oil only during start up and in an unlicensed utility boiler for plant facility heat whenever the main biomass boiler is not in operation and heating is required to prevent freezing. The Department of Public Utility Control approves Greenville Steam Company as a Class I renewable energy resource and assigns it Connecticut Renewable Portfolio Standard (RPS) Registration Number CT00202-06.

B. BACKGROUND OF THE PROCEEDING

By application dated July 21, 2006, Greenville Steam Company requested that the Department of Public Utility Control (Department) determine that the Greenville Steam Company (GSC) generation facility qualifies as a Class I renewable energy source.

C. CONDUCT OF THE PROCEEDING

There is no statutory requirement for a hearing. No person requested a hearing, and none was held.

D. PARTICIPANTS IN THE PROCEEDING

The Department recognized Greenville Steam Company, 185 Greenville Steam Road, Greenville Junction, Maine 04442; Ridgewood Power Management LLC, 947 Linwood Avenue, Ridgewood, New Jersey 07450; Noble Environmental Power, 8 Railroad Avenue, Essex, CT 06426; and the Office of Consumer Counsel, Ten Franklin Square, New Britain, Connecticut 06051, as participants in this proceeding.

II. DEPARTMENT ANALYSIS

A. STATUTORY REQUIREMENTS

Pursuant to Connecticut General Statutes (Conn. Gen. Stat.) §16-1(a)(26), "Class I renewable energy source" includes energy derived from a sustainable biomass facility with an average emission rate of equal to or less than .075 pounds of nitrogen oxides per million BTU of heat input for the previous calendar quarter. Conn. Gen. Stat. §16-1(a)(45) further defines "sustainable biomass" as biomass that is cultivated and harvested in a sustainable manner, but excludes finished biomass products from sawmills, paper mills or stud mills, organic refuse fuel derived separately from municipal solid waste, and biomass from old growth timber stands, as well as construction and demolition waste as defined in Conn. Gen. Stat. §22a-208x.

B. APPLICANT'S FUEL SOURCE

According to its application, GSC is a biomass generation facility located in Greenville Junction, Maine. GSC is currently owned by Greenville Steam Company. GSC began commercial operation in December 1986, went through a major retooling during 2005-2006, and subsequently came back on-line in April 2006. GSC has a nameplate capacity of 16.0 MW. GSC is classified as a biomass electric generation facility in the ISO New England's (ISO-NE) Seasonal Claimed Capability (SCC) Report dated October 2, 2006.

Under the air permit issued by the State of Maine, Department of Environmental Protection, GSC is authorized to fire: (1) biomass, (2) No. 2 fuel oil, (3) specification waste oil, (4) vehicle carpet waste, (5) knots/screens, (6) mixed laminate, (7) construction and demolition wood, (8) construction and demolition waste, and (9) coffee

grounds. See GSC's Part 70 Air Emission License, issued by State of Maine, Department of Environmental Protection, dated August 7, 2003, p. 2. GSC states that it maintains its license to utilize several different fuel sources in order to remain flexible under different economic models. GSC will not utilize any non-qualifying fuels during any period in which it generates Connecticut RPS Class I RECs. Response to Interrogatory EL-1. Several of the fuels listed in the Part 70 Air Emission License are described as "beneficial use" fuels. The beneficial use fuels do not meet the definition of sustainable biomass and therefore will not be utilized by GSC at any time in which it seeks to qualify as a Class I Renewable Energy Source under the Connecticut RPS rules. Response to EL-1. GSC is required under its Part 70 Air Emission License to report all of the fuel sources utilized during the month as ending inventory.

GSC certified to the Department that it would use only the following as fuel: sawmill waste, wood chips, clean wood waste from local wood products manufacturing companies, coffee grounds, and No. 2 fuel oil during start up and in an unlicensed utility boiler for plant facility heat whenever the main biomass boiler is not in operation and heating is required to prevent freezing. Response to EL-1. Most of GSC's fuel is procured within a 100-mile radius of the plant in central Maine. The vast majority of the wood that is consumed at GSC is derived from sawmill operations and from otherwise discarded limbs and tree tops from tree cutting operations. The Department will determine whether each of these fuel sources qualifies as a "sustainable biomass" as defined in Conn. Gen. Stat. §16-1(a)(45), as follows:

(1) Sawmill waste

The small amount of fuel that GSC receives from manufacturers consists of sawdust, shavings and unusable raw wood that must be discarded. Response to Interrogatory EL-1. GSC stated that it utilizes sawmill waste for nearly all of its fuel supply. Pursuant to Conn. Gen. Stat. §16-1(a)(45), sustainable biomass does not include finished biomass products from sawmills, paper mills or stud mills. Therefore, sawmill waste will qualify as long as it is not treated in any manner. The applicant will be held responsible for filing detailed reports depicting the fuel inputs as a compliance requirement.

(2) Wood Chips

The forestry operation materials utilized will include tops, limbs, and other products produced from the traditional forest harvesting operations. Forest harvesting operations are based on sustainable growth and therefore use of such products is eligible in the Connecticut RPS program. Wood Chips qualify as so far as they are not treated in any manner. Again, the applicant will be held responsible for filing detailed reports depicting the fuel inputs as a compliance requirement.

(3) Clean wood waste from local wood products manufacturing companies

GSC does not utilize any "finished biomass products from sawmills, paper mills or stud mills". The small amount of fuel that it receives from manufacturers consists of

sawdust, shavings, and unusable raw wood that must be discarded. Response to Interrogatory EL-1. The Department believes these unfinished products are clean and meet the statutory requirement regarding sustainability.

(4) Coffee Grounds

The use of coffee grounds has been utilized in a very limited amount by GSC. The manufacturer normally uses the grounds as an organic soil nutrient supplement. When this market is saturated the excess grounds are sent to GSC to be used as a fuel. Response to Interrogatory EL-1, p.2. The Department believes the use of coffee grounds as an eligible biomass resource is acceptable as it is produced in a sustainable manner.

(5) No. 2 Fuel Oil and Waste Oil

GSC utilizes No. 2 fuel oil only during start up and in an unlicensed utility boiler for plant facility heat whenever the main biomass boiler is not in operation and heating is required to prevent freezing. Response to EL-1. GSC utilizes specification waste oil under its Part 70 Air Emission License. The specification waste oil use is a substitution to the No. 2 fuel oil and not an additional amount of oil allowed to be utilized on site. *Id.* These fuels are not sustainable biomass resources, but may be utilized for the limited purpose of start-up and/or flame stabilization. The amount of all fuel sources will be detailed quarterly as compliance filings in this docket.

C. EMISSIONS

According to GSC's Part 70 Air Emission License, the emissions from Boiler 1A, which is the primary boiler being considered in this application, has a NOx emission limit of no greater than .15Lb/MMBtu. The statutory limit required to be a Class I RPS Generator is .075Lb/MMBtu. Approval of GSC, as such is contingent upon GSC adequately demonstrating its NOx levels are below the statutory limits on a quarterly basis and appropriate documentation depicting the use of only fuels deemed eligible in this decision. Department will notify Automated Power Exchange (APX), administrator of the Generation Information System of GSC's approval once the appropriate documentation depicting NOx levels below the statutory limit have been submitted. GSC shall submit its initial fuel source report and NOx documentation for Quarter 4, 2006 no later than March 1, 2007 in order to be eligible for Quarter 4 renewable energy certificates eligible as a CT Class I resource.

D. COMPLIANCE FILINGS

The Department finds that fuel supplies consisting of sawmill waste, wood chips, clean wood waste from local wood products manufacturing companies and coffee grounds qualifies as "sustainable biomass" for the purpose of eligibility in the Connecticut RPS program. However, due to Greenville's Air Permit allowing non-eligible fuels to be utilized in its facility, the Department will require GSC to file additional information in its quarterly reports to the Department. GSC's quarterly compliance filing to the Department shall include a copy of the monthly reports submitted to the Maine

Department of Environmental Protection as a requirement to maintain its Part 70 Air Emission License. Furthermore, the Department will require Greenville to file as part of its quarterly compliance filing a detailed report of its fuel sources. These reports shall include the various types and percentages of biomass utilized in tons and MMBTUs and the equivalent amount of electricity generated from each eligible biomass fuel. This filing should also include the types and amount of ineligible fuels and the purpose for the use of such ineligible fuels along with the equivalent amount of electricity generated from each ineligible fuel. GSC must also file an affidavit attesting to its fuel source mix during the appropriate calendar quarter.

GSC must file with the Department at the end of each calendar quarter an affidavit and supporting documentation that the average emission rate of such facility is equal to or less than the threshold level for qualification. The Department will strictly enforce this requirement and facilities that fail to file such information by the deadline will have their Connecticut RPS Generator eligibility registration decertified and will automatically cease to qualify as a Class I or II facility without any further action by the Department. The facility will lose their certification for all applicable trading quarters until such time as they file an acceptable affidavit and supporting documentation. All Connecticut RPS biomass facilities are required to file the above referenced affidavit along with any supporting documentation that adequately display the average emission rate in pounds of nitrogen oxides per million BTU of heat input for the previous calendar quarter. The Department has set the following dates for filing emission affidavits and supporting documentation:

Quarter 1 Emissions---Must be received by Department no later than June 1st.

Quarter 2 Emissions---Must be received by Department no later that September 1st.

Quarter 3 Emissions---Must be received by Department no later than December 1st.

Quarter 4 Emissions---Must be received by Department no later than March 1st.

III. FINDINGS OF FACT

1. GSC's Biomass facility is located in Greenville Junction, Maine.
2. GSC is currently owned by Greenville Steam Company.
3. GSC began operation on December 1986, went through a major retooling during 2005-2006 and subsequently came back on-line in April 2006.
4. GSC has a total nameplate capacity of 16 megawatts.
5. GSC is registered with ISO-NE as a biomass facility.
6. The facility will utilize sawmill waste for nearly all of its fuel supply, in addition to a smaller amount of wood chips and a small amount of clean wood waste from local wood products manufacturing companies. GSC will also use coffee grounds in a very limited amount.

7. GSC utilizes No. 2 fuel oil only during start up and in an unlicensed utility boiler for plant facility heat whenever the main biomass boiler is not in operation and heating is required to prevent freezing.
8. GSC will not utilize any non-qualifying fuels during any period in which it generates Connecticut RPS Class I RECs.

IV. CONCLUSION

Based on the evidence submitted, the Department finds that GSC qualifies as a Class I renewable generation source pursuant to Conn. Gen. Stat. §16-1(a)(26). The Department determined that untreated sawmill waste, woodchips, clean wood waste from local wood products manufacturing companies and coffee grounds qualify as “sustainable biomass” as defined in Conn. Gen. Stat. §16-1(a)(45). The Department also determined that No. 2 fuel oil does not qualify as “sustainable biomass” as defined in Conn. Gen. Stat. §16-1(a)(45). However, the Department would allow a sustainable biomass facility to use No. 2 fuel oil only during start up and in an unlicensed utility boiler for plant facility heat whenever the main biomass boiler is not in operation and heating is required to prevent freezing.

The Department assigns each renewable generation source a unique Connecticut RPS registration number. GSC’s Connecticut RPS registration number is CT00202-06.

The Department’s determination in this docket is based on the information submitted by GSC. The Department may reverse its ruling or revoke the Applicant’s registration if any material information provided by the Applicant proves to be false or misleading. The Department reminds GSC, Inc. that it is obligated to notify the Department within 10 days of any changes to any of the information it has provided to the Department.

V. ORDERS

1. GSC is required to file quarterly affidavits and supporting documentation of its nitrogen oxides emissions on the quarterly filing schedule provided in Section II of this Decision.
2. GSC shall submit as part of its quarterly compliance filing to the Department a copy of the monthly reports submitted to the Maine Department of Environmental Protection as a requirement to maintain its Part 70 Air Emission License. Furthermore, the Department will require Greenville to file as part of its quarterly compliance filing a detailed report of its fuel sources. These reports shall include the various types and percentages of biomass utilized in tons and MMBTUs and the equivalent amount of electricity generated from each biomass fuel. This filing should also include the types and amount of ineligible fuels and the purpose for the use of such ineligible fuels. As part of these quarterly reports, GSC shall also file an affidavit attesting to its fuel source mix during the appropriate calendar quarter.

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This Decision is adopted by the following Commissioners:

Anthony J. Palermino

Anne C. George

Jack R. Goldberg

CERTIFICATE OF SERVICE

The foregoing is a true and correct copy of the Decision issued by the Department of Public Utility Control, State of Connecticut, and was forwarded by Certified Mail to all parties of record in this proceeding on the date indicated.

Louise E. Rickard

Mar. 15, 2007

Louise E. Rickard
Acting Executive Secretary
Department of Public Utility Control

Date