

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: May 23, 2008

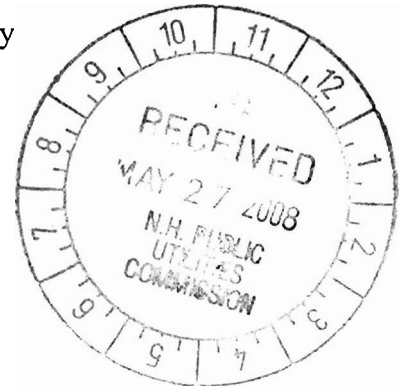
AT (OFFICE): NHPUC

FROM: Maureen L. Reno, ^{MLR}
Utility Analyst _{TEF}

SUBJECT: DE 08-051, Pinetree Power Inc. Tamworth Facility Application for Class III Eligibility Pursuant to RSA 362-F. Staff recommendation for conditional approval of application.

TO: The Commissioners and
Debra A. Howland, Executive Director and Secretary

CC: Tom Frantz, Director of the Electric Division, and
Suzanne Amidon, Staff Attorney



Summary

On April 1, 2008, Pinetree Power, Inc. submitted an application requesting the Commission grant conditional approval of its Tamworth Biomass facility (Tamworth facility) to produce Class III Renewable Energy Certificates (RECs) pursuant to RSA 362-F, New Hampshire's Renewable Portfolio Standard Legislation. Class III eligibility requires a facility to produce electricity from either eligible biomass technologies having a gross nameplate capacity of 25 megawatts (MWs) or less, or methane gas, provided the source began operation prior to January 1, 2006. According to the applicant, the facility uses biomass fuels as defined in RSA 362-F:2, II.

PSA 362-F:11, III provides that the Commission certify a biomass facility on a conditional basis, pending the receipt from the Department of Environmental Services (DES) of nitrogen oxide (NO_x) and particulate matter test results. The reason the statute has this provision for biomass facilities is based on the length of time it may take the DES to file the report. In the case of the Tamworth facility, testing was completed on April 18, 2008, and if the facility meets the emissions standards pursuant to RSA 362-F, it would qualify to produce RECs for the third quarter of 2008. Moreover, as soon as DES files the emissions report with the Commission, the Commission has only 10 days to designate a facility as eligible to produce Class III RECs. Therefore, conditional approval at this time would help expedite the approval process once the emissions testing results are filed with the Commission.

At this time, the Commission has not received the emissions test results from DES. Other than the test results, the Tamworth facility meets the eligibility requirements under RSA 362-F:4, III. The applicant has provided all the necessary documents to receive conditional certification as a Class III facility. Based on my review of its application, I recommend that the Commission conditionally certify the Bethlehem Facility a Class III Facility, subject to receiving emissions standard approval from DES.

Analysis

The Tamworth facility is a biomass facility that uses biomass fuels as defined in RSA 362-F:2, including clean and untreated wood such as brush, stumps, lumber ends and trimming, wood pellets, bark, wood chips, wood pellets, shavings, and slash. The Tamworth facility is located at 469 Plains Road Tamworth, New Hampshire and has a gross nameplate capacity of 23.8 megawatts. The initial commercial operation date was April 1, 1987. The facility's ISO-New England asset identification number is MSS 592.

RSA 362-F:2, VII defines eligible biomass technologies as generating technologies that use biomass fuels as their primary fuel, provided that the generation unit has a quarterly average NO_x emission rate of less than or equal to 0.075 pounds per million British thermal units (lbs/mmBtu), and an average particulate matter emission rate of less than or equal to 0.02 lbs/mmBtu as measured and verified under RSA 362-F:12. Currently the facility's permitted NO_x emissions rate is 0.265 lbs/mmBtu and a permitted particulate matter emissions rate of 0.025 lbs/mmBtu.

The Tamworth facility operates under a Title V air permit (permit number TV-OP-018) issued by DES on October 17, 2005, which is valid through October 31, 2010. On December 14, 2007, Pinetree Power, Inc. applied for a temporary permit. On March 17, 2008, DES approved and issued Temporary Permit TP-B-0543. In order to meet the emissions limits in RSA 362-F:2, VII, the applicant has installed four different NO_x reduction technologies that include overfire air, flue gas recirculation, selective non-catalytic reduction and selective catalytic reduction systems. The applicant currently uses a multicyclone and an electrostatic precipitator to control particulate matter emissions. The applicant conducted and completed its stack testing for New Hampshire RPS eligibility on April 18, 2008. DES has not submitted to the Commission these stack test results and whether such results meet the requirements of RSA 362-F:2, VII. On May 20, 2008, DES submitted a letter to the Commission stating that it has reviewed Pinetree Power, Inc.'s application to be certified as a Class III renewable energy source and recommends that the Commission grant conditional approval to the Bethlehem Facility.

Pursuant to the N.H. Code Admin. Rule Puc 2500, the applicant is also required to provide proof of an approved interconnection study. The applicant submitted the original interconnection study under Docket No DR 86-028 as Attachment B to its filing. The study was performed to determine the impact of the Tamworth facility on the Public Service Company of New Hampshire transmission system.

The Tamworth facility is currently certified as a Class II generator in Connecticut and intends to apply for Connecticut Class I status once data necessary for the application is collected.

Recommendation

Staff recommends that the Commission grant the Tamworth facility conditional approval for Class III eligibility pursuant to RSA 362-F effective April 4, 2008. Aside from the stack testing results from DES, the Pinetree Power, Inc. application for the Tamworth facility was completed pursuant to Puc 2505.02 on April 4, 2008. Pinetree Power Tamworth has provided all the necessary information and documentation demonstrating that the Tamworth facility meets Class III eligibility subject to DES approval of emissions standards.