

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

October 18, 2017 - 10:39 a.m.
Concord, New Hampshire

RE: DRM 16-829
ELECTRIC RENEWABLE PORTFOLIO
STANDARD: N.H. Code of
Administrative Rules Puc 2500,
Electric Renewable Portfolio Standard.
(Hearing to receive public comment)

PRESENT: Chairman Martin P. Honigberg, Presiding
Commissioner Kathryn M. Bailey
Commissioner Michael S. Giaimo

Sandy Deno, Clerk

APPEARANCES: (No appearances taken)

Court Reporter: Steven E. Patnaude, LCR No. 52

**CERTIFIED
ORIGINAL TRANSCRIPT**

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P R O C E E D I N G

CHAIRMAN HONIGBERG: We are here this morning in Docket DRM 16-829, which is a rulemaking related to our Chapter 2500 rules on Electric Renewable Portfolio Standards. Normally, I don't read from the Orders of Notice, but I'm going to here to help set the scene.

The 2500 rules set forth the regulations applicable to administration of the New Hampshire electric renewable portfolio standard, including RPS compliance by retail electricity providers, eligibility of renewable energy sources, issuance and transfer of renewable energy certificates, known as RECs, metering and reporting standards, the qualifications and roles of independent monitors and REC aggregators, and funding of initiatives from the renewable energy fund.

The initial proposal contains a number of amendments and updates to the 2500 rules, including the addition of biodiesel production as an eligible renewable energy technology, as required by the recent

1 legislation, amendments intended to address
2 other recent statutory changes, including
3 Senate Bill 129, and updating the rules based
4 on the Commission's experience in administering
5 the RPS during the last few years. Upon
6 completion of the formal rulemaking process,
7 the proposed amended rules will replace the
8 current version of Puc 2500.

9 A legal notice of rulemaking as
10 required by RSA 541-A:6 was filed with the
11 Office of Legislative Services on September
12 12th of 2017, and has been sent to all persons
13 who have made a timely request for advance
14 notice of rulemaking proceedings at the
15 Commission. The Notice established a public
16 hearing to be held at the Commission today, at
17 10:30 a.m., and it also set a deadline for the
18 submission of written comments on October 25th,
19 2017, which is a week from today. The Notice
20 as published in the New Hampshire Rulemaking
21 Register was attached to the Order of Notice,
22 and was also published on the Commission's
23 website.

24 I think that's all I needed to put on

1 the record. Mr. Wiesner, is there anything
2 else you want to say to help us set the scene?

3 MR. WIESNER: I'll just add that the
4 timing here is largely driven by the statutory
5 requirement that we have biodiesel production
6 facility eligibility rules in place by the end
7 of this year. And we are on track to
8 accomplish that. And that's why we have this
9 hearing today, and the written comment deadline
10 set for next Wednesday.

11 I'll also just add that we had
12 extensive stakeholder sessions to develop the
13 rules that you have before you, in particular,
14 focused on biodiesel production. And I think,
15 you know, if I want to take credit, I think
16 that's why there are not a lot of speakers here
17 today who wish to address issues in the rules
18 because of that extensive preprocess that we
19 conducted.

20 CHAIRMAN HONIGBERG: Thank you, Mr.
21 Wiesner.

22 We have only two people who have
23 indicated that they wish to speak. I will call
24 them in the order in which they appear on my

1 sheet, starting with Paul Button, and then our
2 second speaker will be Charlie Niebling.

3 So, Mr. Button, why don't you find a
4 microphone and make sure it's on.

5 MR. BUTTON: Is this on?

6 CHAIRMAN HONIGBERG: No.

7 MR. BUTTON: Okay. Is this on?

8 CHAIRMAN HONIGBERG: Yes.

9 MR. BUTTON: I actually came --

10 CHAIRMAN HONIGBERG: Just off the
11 record.

12 *[Brief off-the-record discussion*
13 *ensued.]*

14 MR. BUTTON: Okay. Well, I own
15 probably the largest small business dealing
16 with renewable energy credits in the state.
17 And, so, I came here out of interest to see
18 what -- I wasn't really prepared to have -- I
19 didn't have a speech or anything, I just wanted
20 to listen and maybe make a comment. But I have
21 nothing to comment on.

22 CHAIRMAN HONIGBERG: Outstanding.
23 Then, we'll turn to Mr. Niebling.

24 MR. BUTTON: Okay.

1 MR. NIEBLING: Thank you, Mr.
2 Chairman, members of the Commission.
3 Mr. Giaimo, nice to see you.

4 CMSR. GIAIMO: Nice to see you.

5 MR. NIEBLING: For the record, my
6 name is Charles Niebling, and I'm a partner
7 with the Concord, New Hampshire consulting firm
8 Innovative Natural Resource Solutions. And
9 I've taken a personal and professional interest
10 over the years in the thermal provisions which
11 were enacted in 2012 by the Legislature and
12 adopted by rule as qualifying technologies in
13 the RPS in starting about 2014.

14 And I want to first acknowledge the
15 excellent work of your Staff. I agree with
16 Mr. Wiesner, they ran a very extensive
17 pre-rulemaking stakeholder engagement process
18 and involved many people over many meetings.
19 And I just want to acknowledge the fact that
20 they did an excellent job. And I think I would
21 concur that one of the reasons there are so few
22 people here today is because people are pretty
23 comfortable with what's being proposed.

24 I had two pretty small technical

1 issues to raise, neither of which are
2 significant in the grand scheme of things.

3 First of all, I would like to
4 acknowledge and support the proposed
5 redefinition of the system size threshold that
6 distinguishes large thermal systems from small
7 thermal systems, from the current 200,000 Btu
8 to 1,000,000 Btu; I support that.

9 But doing so raises one small
10 technical issue for biomass thermal systems.
11 There are chip -- wood chip systems under a
12 million Btu that may potentially wish to avail
13 themselves of the fuel input metering
14 alternative to heat output metering that is
15 required of large systems. And the rules do
16 not -- the specific protocol that is allowed
17 for fuel input metering for small biomass
18 systems is specific to wood pellets, which are
19 a very uniform fuel and lend themselves to fuel
20 input metering as a proxy for heat output.
21 Chips are a much more variable fuel, and do not
22 necessarily lend themselves in a clear and
23 simple way to using fuel input as a proxy for
24 heat output.

1 I think the remedy is perhaps already
2 in the rules, and that is there still is a
3 provision for, under 2506.06, for requests for
4 alternative method for measuring thermal
5 energy. So, any prospective applicant can
6 petition the PUC to propose an alternative
7 methodology. And maybe that's the simplest way
8 to handle this.

9 I just wanted to bring it to your
10 attention. And I have spoken to the Staff
11 about it. And it would appear the Staff, in
12 their recommendations, chose to leave it simple
13 and -- but to make sure that there is a
14 provision for an applicant to petition the PUC
15 for an alternative protocol. It does get
16 complicated pretty quickly within a variable
17 fuel, that has variable moisture content, chip
18 size. Pellets are much more uniform and
19 homogenous, and they work for that alternative
20 methodology. So, that's Issue Number 1.

21 Issue Number 2, the change in the
22 threshold from 200,000 to 1,000,000 Btu makes
23 it so that a number of systems, pellet systems
24 in the state that are already qualified and

1 generating RECs, now fall under the definition
2 of "small". Not many, I think it may be three.
3 And the rules under -- I'm going to find the
4 proper reference, give me a sec. Sorry about
5 this. It's 2506.05(f)(3), which states that
6 "For sources using thermal biomass renewable
7 energy technology, the discount factor shall be
8 2.0 percent of the useful thermal energy
9 produced as measured pursuant to Puc 2506.04."

10 So, what's not clear in the rules is
11 that, if systems under 1,000,000 Btu opt to go
12 with heat output meeting, as opposed to fuel
13 input metering, which they have the option to
14 do, are they or are they not subject to the 2.0
15 percent default parasitic load discount on the
16 calculation of their RECs? That's what's not
17 clear.

18 It would seem to me that, if you fall
19 under the definition of "small", you no longer
20 have to apply the 2.0 percent parasitic load
21 provision to the calculation of your RECs.
22 Which I will support, because it gives those
23 small systems, which are going to have a tiny
24 parasitic load in the grand scheme of things,

1 an opportunity to qualify a little more of
2 their heat output for RECs.

3 But -- and it wasn't an issue when
4 the threshold was 200,000, because there are no
5 systems in the state qualified under 200,000,
6 and probably never will be. It's just not
7 cost-effective or economic to bother. But,
8 once you raise it to a million, it becomes --
9 it may become more of an issue.

10 So, I bring that to your attention.
11 I'm not sure I know what the remedy is. But
12 you have a very capable Staff, I'm sure they
13 can figure it out.

14 CHAIRMAN HONIGBERG: And you've also
15 raised this, that issue with Staff?

16 MR. NIEBLING: No. I actually --

17 CHAIRMAN HONIGBERG: Or is this the
18 first they've heard of it?

19 MR. NIEBLING: I figured that out in
20 the last fifteen minutes.

21 CHAIRMAN HONIGBERG: All right.
22 Well, they're over there feverishly thinking
23 about the same problem no doubt.

24 All right. Is there anyone else here

1 who wishes to comment on the rules during this
2 session?

3 *[No verbal response.]*

4 CHAIRMAN HONIGBERG: All right. As I
5 said, the deadline for written comments is a
6 week from today, October 25th.

7 If there's nothing else, we will
8 thank you all for your time and adjourn.

9 ***(Whereupon the hearing was***
10 ***adjourned at 10:50 a.m.)***