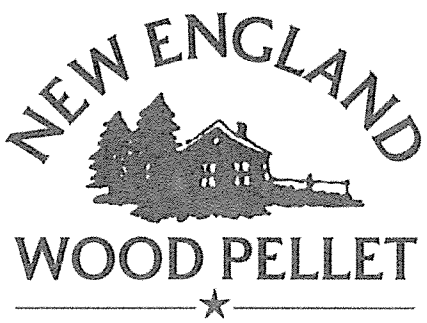
DE 10-212



September 1, 2010

Debra A. Howland
Executive Director
NH Public Utilities Commission
21 South Fruit St.
Concord NH 03301

Re: Comments of New England Wood Pellet on DE 10-212, establishing a commercial and industrial renewable energy rebate program

Dear Executive Director Howland:

Thank you for the opportunity to comment on DE 10-212. New England Wood Pellet is a manufacturer and distributor of wood pellets fuels, with headquarters and a manufacturing plant in Jaffrey NH. We also operate manufacturing plants in Schuyler NY and Deposit NY.

Wood pellets are a low carbon renewable fuel that can be used to displace conventional fossil heating fuels such as heating oil, propane and natural gas in commercial and industrial space heating and process heat. Advanced wood combustion technology is entering the market that can produce heat at efficiencies exceeding 85% and with very low emissions.

With respect to the issues raised by the Notice of Opportunity to Comment, we have several questions and comments.

To the question of whether the Commission should establish a commercial and industrial renewable energy rebate program, we believe strongly that it should. We believe this is consistent with the intent of the enabling statute and administrative rules for the fund established under RSA 362-F:10. We agree that the deployment of this fund should be accessible to all classes of ratepayers including residential, commercial and industrial.

To the question of whether the proposed program should be limited to PV and SWH systems, we believe strongly that it should not. We believe any commercial renewable electric and thermal energy technology should qualify under this program that fulfills the purposes of RSA 362-F, set forth as follows (emphasis added):

> **362-F:1 Purpose. –** Renewable energy generation technologies can ***provide fuel diversity*** to the state and New England generation supply through use of local renewable fuels and resources that serve to ***displace and thereby lower regional dependence on fossil fuels***. This has the potential to ***lower and stabilize future energy costs by reducing exposure to rising and volatile fossil fuel prices***. The use of renewable energy technologies and fuels can also ***help to***

keep energy and investment dollars in the state to benefit our own economy. In addition, employing low emission forms of such technologies can ***reduce the amount of greenhouse gases, nitrogen oxides, and particulate matter emissions*** transported into New Hampshire and also generated in the state, thereby improving air quality and public health, and mitigating against the risks of climate change. It is therefore in the public interest to stimulate investment in low emission renewable energy generation technologies in New England and, in particular, New Hampshire, whether at new or existing facilities.

Solar PV and solar water heating technologies can make important contributions to meeting the intent of the statute, but so can other renewable electric and thermal energy technologies, including wind generation, geothermal, hydro, biomass thermal and electric, etc. By limiting the qualifying technologies to only PV and SWH, the Public Utilities Commission is introducing a technology bias and effectively favoring two technologies over many others that also meet the intent of the statute.

In our case, high efficiency wood pellet heating systems meet all of the objectives of the statute. They utilize a locally produced renewable fuel to reduce reliance on fossil energy, typically #2 heating oil or propane. These fuel dollars thus circulate in the regional economy, instead of flowing out of state or country to pay for imported crude oil. The integration and installation of these systems creates jobs in the HVAC sector, and supports jobs in manufacturing and distributing the fuel. Biomass is recognized by the State of New Hampshire as carbon beneficial and can help mitigate greenhouse gas emissions when used to displace fossil fuel. The new combustion technology now entering the market produces thermal energy with very low emissions of particulates, and virtually no SO2, thereby improving air quality.

PUC staff stated during the August 30 hearing that current funds are limited and the administrative burden of broadening the C&I rebate program to be technology/fuel neutral is beyond current staffing capability. We also heard staff and several witnesses acknowledge that the objective of a technology/fuel neutral rebate program is laudable and a goal to be achieved at a later date. If this is so, and the PUC issues an order limiting the C&I to the proposed solar technologies, then **it is imperative that the order**:

1) establish as policy the future goal that renewable energy incentive programs be administered without bias for or against specific technologies, and identify future funding levels or protocols by which this goal will be achieved, and;

2) clearly explain the rationale for selecting solar PV and solar HW as the only two technologies initially authorized under the new C&I program. If funds are so limited, is it not essential that a cost/benefit analysis be conducted to identify the most cost effective technologies to initiate the program? How else will we know if the Renewable Energy Fund is being utilized to most effectively meet the purposes of the statute?

We also ask the PUC to reconsider its 100 kW limit on qualifying project size. We recognize that this is consistent with existing administrative rule PUC 2507.03(f). However, we believe this limit was established during rulemaking in 2007/2008 to ensure that the rule would be consistent with the then maximum generator size under the net metering statute, RSA 362-A:9. In the 2010 legislative session, House Bill 1353 raised the maximum permissible project size (with certain conditions) to 1 MW. The PUC has been petitioned (DRM 10-216, filed 8/13/10) to amend the net metering administrative rules (PUC 900), to ensure their consistency with the newly adopted changes to RSA 362-A:9. In anticipation of these rule changes, we ask the PUC to consider raising the maximum project size to 1 MW. This is especially relevant to thermal projects regardless of technology, as a 100 kW limit on equivalent thermal

output is really very small and would greatly limit the potential range of commercial or industrial applications.

It is important that the PUC, to the greatest extent possible, establish incentive and rebate programs that do not pick technology winners and losers, but equitably recognize all renewable energy technologies that fulfill the objectives of the enabling statutes. We ask the PUC to adopt a final commercial and industrial renewable energy rebate program that is structured on this important principle. If the commission opts to go this route, we stand ready to work with your staff to implement a technology/fuel neutral program as expeditiously as possible. We support the rebate structure as proposed in section 5 of the notice for technologies with electric energy output. We support the rebate structure and a cap of 25% of the cost of the facility or $50,000, whichever is less, as proposed for the solar hot water systems, to apply to any technology with thermal output. We support the requirement of an energy audit in order to qualify for consideration, as well as the other requirements of section 6.

Sincerely,

Charles R. Niebling
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