


STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: March 27, 2012

AT (OFFICE): NHPUC

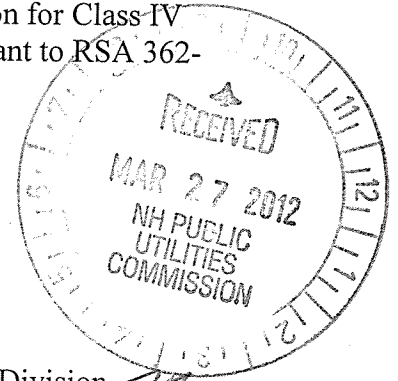
FROM: Barbara Bernstein 
Sustainable Energy Analyst

SUBJECT: DE 12-050, KEI (USA) Power Management, Inc.'s Application for Damariscotta Mills Hydroelectric Project's Certification for Class-IV New Hampshire Renewable Energy Certificates Pursuant to RSA 362-F.

Staff Recommends that Eligibility be Granted

TO: Chairman Amy L. Ignatius
Commissioner Robert R. Scott
Commissioner Michael Harrington
Debra A. Howland, Executive Director and Secretary

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



Summary

Staff has reviewed the application for KEI (USA) Power Management, Inc.'s (KEI) Damariscotta Mills Hydroelectric Project (Damariscotta Mills Project) and has determined that it meets the eligibility requirements under RSA 362-F:4, as a Class IV facility and complies with the New Hampshire Code of Administrative Rules Puc 2505.02. Staff recommends Commission approval for the Damariscotta Mills Project as eligible for Class IV Renewable Energy Certificates (RECs) effective February 23, 2012.

Analysis

On February 23, 2012, the PUC received an application requesting that the .462 megawatt (MW) Damariscotta Mills Project be certified as a Class IV facility. Upon review of the application, Staff has determined that the application, which includes confidential information, is complete as of February 23, 2012.

To qualify the Damariscotta Mills Project's electrical production as eligible to acquire Class IV renewable energy certificates (RECs), Puc 2505.02 (b) requires the source to demonstrate its eligibility by completing the following:

- 1) *The name and address of the applicant:* The applicant is KEI (Maine) Power Management (II) LLC, KEI (USA) Power Management, Inc., 3285 chemin Bedford, Montreal, Quebec, Canada, H3S 1G5.

- 2) *The name and location of the facility:* Damariscotta Mills Hydroelectric Project, (FERC No. P-11566), 1364 Maine Street, Newcastle, ME 04553.
- 3) *The ISO-New England asset identification number (if available).* The ISO-New England asset identification number is ISO-NE#: 2282.
- 4) *The GIS facility code if available.* The NEPOOL GIS facility code has been verified as MSS 2282.
- 5) *A description of the facility including fuel type, gross nameplate generation capacity, the initial commercial operation date, and the date it began operation, if different.*
The Damariscotta Mills Project is located on the Damariscotta River at the outlet of Damariscotta Lake, in the city of Newcastle and Nobleboro, Lincoln County, Maine. It is operated in a run-of-river mode respective to the established Lake Level Rule Curve. Dams have existed at this site since the early 1800's; the actual powerhouse was constructed in 1923 and the facility began commercial operation on December 1, 1984. The projects includes three dams, a 40 foot long dike, 2 stone masonry wing walls, a masonry powerhouse, diadromous fish ladders and a transmission line. The nameplate generation capacity is .462 megawatts (MW) of electricity.
7. ¹ *All other necessary regulatory approvals, including any reviews, approvals or permits granted by the department.* The Damariscotta Mills Project has been approved by the Federal Energy Regulatory Commission, FERC # 11566, the United States Fish and Wildlife Service, and received Water Quality Certification (WQC). Within the State of Maine, for projects requiring Coastal Zone Management Act certification, (as does the Damariscotta Mills Project) the WQC serves as Maine's CZMA certification and is required before FERC approval can be obtained.² In addition, the Damariscotta Mills project is also listed in the National Register of Historic Places.
8. *Proof that the applicant either has an approved interconnection study on file with the commission, is a party to a currently effective interconnection agreement, or is otherwise not required to undertake an interconnection study.* A Small Generator Interconnection Agreement between Central Maine Power Company (CMP) and Damariscotta Hydro (dated January 1, 2009) has been provided as a confidential document.³
10. ⁴ *A description of how the generation facility is connected to the distribution utility.*
Electric power is delivered from the interconnection of the Project's 12 kilovolt cable to CMP's 12 kV distribution circuit tap located on the CMP's distribution circuit.

¹ Puc 2502.02(b)(6) relates to biomass sources.

² Maine Department of Environmental Protection.

³ This document contains critical energy infrastructure information and has been deemed confidential.

⁴ Puc 2502.02(b)(9) relates to biomass sources.

11. *A statement as to whether the facility has been certified under another non-federal jurisdiction's renewable portfolio standard and proof thereof.* The Damariscotta Mills Project currently qualifies as a Class II renewable energy source in the State of Maine.
12. *A statement as to whether the facility's output has been verified by ISO New England.* Certificate information from NEPOOLGIS verifies the Damariscotta Mills Project output as does the Small Generator Interconnection Agreement between Central Maine Power Company (CMP) and Damariscotta Hydro.
14. ⁵*An affidavit by the owner attesting to the accuracy of the contents of the application.* An affidavit signed by Guy J. Paquette, Vice President – Corporate and Legal Affairs of KEI (Maine) Power Management, was provided with the application as Attachment 6.
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In addition, pursuant to Puc 2502.10, to qualify as a Class IV source, the hydroelectric generation facility must have begun operation on or before January 1, 2006 and have a gross nameplate capacity of 5 megawatts or less. The Damariscotta Mills Project began commercial operation on December 1, 1984 and has a capacity of .462 MW. In addition, qualifying Class IV facilities must have installed FERC-required and approved upstream and downstream diadromous fish passages. The Damariscotta Mills Project has FERC licensed diadromous fish passages described in the Damariscotta Mills Project (FERC No.11566) Final Revised SOP and Netting Plan.

Recommendation

Staff has reviewed the Damariscotta Mills Project's application for certification as a Class IV facility and can affirm it is complete pursuant to N. H. Code Admin. Rule Puc 2500. Staff recommends that the Commission certify the Damariscotta Mills Project's electricity production as being eligible for Class IV RECs effective February 23, 2012, the date on which Staff was able to make a determination that the facility met the requirements for certification as a Class IV renewable energy source.

⁵ Puc 2502.02(b)(13) requires a description of how the facility's output is reported to the GIS if not verified by ISO New England. GIS has verified the facility's output.

⁶ Puc 2502.02(b)(15) requires the name and telephone number of the facility owner if different from the owner. The facility owner is the operator.

⁷ Puc 2502.02(b)(16) provides for other information the applicant wishes to provide to assist in classification of the generating facility. KEI provided confidential documentation that describes their project.