

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: December 18, 2012

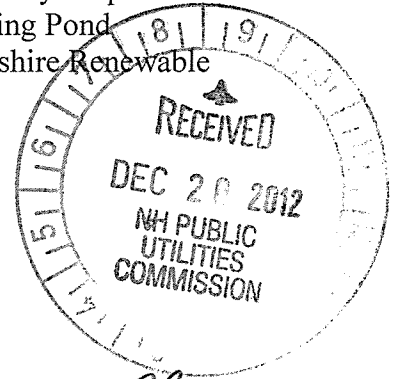
AT (OFFICE): NHPUC

FROM: Barbara Bernstein *BB*
Sustainable Energy Analyst

SUBJECT: **DE 12-210**, Hydro Management Group, LLC's Eligibility Request for the Spaulding Ave. Industrial Complex, LLC, Spaulding Pond Hydroelectric Facility to Produce Class I, New Hampshire Renewable Energy Certificates (RECs) 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 *JKR*
Suzanne Amidon, Staff Attorney



Background

On July 13, 2012, Hydro Management Group, LLC (Hydro Management) submitted an application requesting Class IV certification for the Spaulding Ave. Industrial Complex, LLC (Spaulding Ave. Industrial Complex), Spaulding Pond Hydroelectric (Spaulding Pond Hydro) facility pursuant to RSA 362-F, New Hampshire's Renewable Portfolio Standard law and Laws of 2012, Chapter 0272. Staff reviewed the Hydro Management certification request for Spaulding Pond Hydro's .300 megawatts (MW) of electrical production and determined that the facility was not eligible for Class IV RECs because the project began commercial operation August 17, 2010. Pursuant to RSA 362-F, Class IV Hydroelectric facilities were required to have begun operation prior to January 1, 2006.

On July 30, 2012, Staff requested that Hydro Management resubmit the application and request Class I eligibility; the application was received August 01, 2012. Clarification was sought via email on August 22, 2012 and again on September 14, 2012. Additional information was requested on October 08, 2012 and a response, which completed the application, was received November 06, 2012. Staff has determined that the applicant meets the eligibility requirements under RSA 362-F:4(j), as a Class I hydroelectric facility and complies with the New Hampshire Code of Administrative Rules Puc 2500 and recommends Commission approval for Spaulding Pond Hydro as a Class I renewable energy source effective November 06, 2012.

Analysis

Pursuant to RSA 362-F:4(j), the production of electricity from a Class III or IV source is eligible for RECs if the source has begun operation as a new facility. The applicant must demonstrate that 80 percent of the resulting tax basis of the source's plant and equipment, but not its property and intangible assets, is derived from capital investment directly related to restoring generation or increasing capacity including department permitting requirements for new plants.

Prior to the Spaulding Ave. Industrial Complex's restoration of the dam, the facility had been inoperable for 10 to 15 years. The City of Rochester¹ clarified that the City attributed no value to the turbine and dam when the property was assessed following the current owner's purchase. Spaulding Ave. Industrial Complex invested over \$800,000 over a period of four years to repair and restore the dam. Therefore, Staff recommends that 100 percent of the facility's output be qualified as a Class I hydroelectric facility.

To qualify as a facility eligible to produce RECs, Puc 2505.02 (b) requires the source to provide the following:

- 1) *The name and address of the applicant:* The application was filed by Hydro Management Group LLC, (Hydro Management), 55 Union Street, 4th Floor, Boston, MA 02108 on behalf of Spaulding Ave. Industrial Complex, LLC.
- 2) *The name and location of the facility:* Spaulding Pond Hydro is located on the Salmon Falls River in Rochester, NH.
- 3) *The ISO-New England asset identification number (if available).* The facility's asset identification number is 35379.
- 4) *The GIS facility code if available.* The NEPOOL GIS facility code has been verified as MSS 35379.
- 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.* Spaulding Pond Hydro is a run-of-river facility that includes a 165-foot long by 23-foot high dam, three head gates, a powerhouse, and other appurtenances. The nameplate capacity of the facility has been verified by the GIS as .3 MW of electrical production. The project began commercial operation August 17, 2010.
- 6) *(N/A – pertains to biomass sources).*
- 7) *All other necessary regulatory approvals, including any reviews, approvals or permits granted by the department.* An Order Granting Exemption From Licensing, FERC Project Number 3985-000 was provided for Spaulding Pond Hydro.

¹ An email from Tom Mullin, City Assessor for the City of Rochester clarified that the City attributed no value to the turbine and dam when the property was assessed following the current owner's purchase.

- 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 copy of the Interconnection Agreement for Purposes of Generation Interconnection between Public Service Company of New Hampshire (PSNH) and Spaulding Ave. Industrial Complex, LLC dated August 1, 2010 was provided.
- 9) *(N/A – pertains to biomass sources).*
- 10) *A description of how the generation facility is connected to the distribution utility.*
The Spaulding Pond Hydro Facility is interconnected with the PSNH electric distribution system.
- 11) *A statement as to whether the facility has been certified under another non-federal jurisdiction's renewable portfolio standard and proof thereof.* Spaulding Pond Hydro is not currently certified as a renewable energy resource in any non-federal jurisdiction's renewable portfolio standard.
- 12) *A statement as to whether the facility's output has been verified by ISO New England.*
The facility's output has been verified by ISO New England and the facility is listed in the GIS database.
- 13) *A description of how the facility's output is reported to the GIS if not verified by ISO-New England.* Not applicable.
- 14) *An affidavit by the owner attesting to the accuracy of the contents of the application.*
An affidavit signed by Andrew Locke, Vice President, Hydro Management was provided with the application.
- 15) *The name and telephone number of the facility's operator, if different from the owner.* The facility operator is Tom Cusano, Member, Spaulding Ave. Industrial Complex; his telephone number is 603-731-0196.
- 16) *Such other information as the applicant wishes to provide to assist in classification of the generating facility.* All information required to complete the application was provided.

Recommendation

Staff has reviewed the Spaulding Pond Hydro application for Class I certification and can affirm it is complete pursuant to New Hampshire Code of Administrative Rules Puc 2500. Staff recommends that the Commission certify Spaulding Pond Hydro as a Class I renewable energy source effective November 06, 2012.