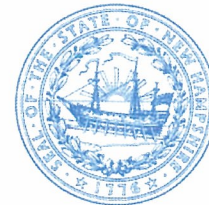




The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES

Thomas S. Burack, Commissioner

DE 14-209



NHPUC 5AUG14PM2:35

August 1, 2014

Ms. Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

RE: Application of Bridgewater Power Company, L.P. ("Bridgewater") For Renewable Energy Source Eligibility, Class III (DE 14-209; GIS Facility ID Number: 13876)

Dear Ms. Howland:

On July 11, 2014 the Department of Environmental Services approved a "Plan for Particulate Matter Compliance Pursuant to RSA 362-F: 11, IV for Bridgewater Power Company, L.P." (the "Plan"). Bridgewater intends to file an application with the Commission for a determination of its biomass generating facility's eligibility as a renewable energy source in class III of the RSA 362-F renewable portfolio standard ("RPS"). Bridgewater's application is based on the Plan constituting compliance with the RPS class III particulate matter emissions requirement. A copy of the Plan will be included in the application. The Department submits this letter to inform the Commission that Bridgewater's participation in the approved Plan constitutes compliance with the RPS class III particulate matter emissions requirement effective with calendar year 2015. DES recommends that the Commission grant conditional approval to Bridgewater as a Class III renewable energy source eligible to generate renewable energy certificates.

Particulate Matter (PM) Emissions

The Department is responsible for verifying the particulate matter emissions and nitrogen oxide emissions from any source seeking to qualify in the RPS as an eligible biomass technology. Under the RPS a source demonstrates compliance with the particulate matter emissions requirement either with an annual stack test or by participating in a plan approved by the Department for reductions in particulate matter emissions from other emission sources comparable to the difference between the generation unit's particulate matter emission rate and the rate of 0.02 lbs/MMBtu. For purposes of RPS particulate matter emissions compliance Bridgewater entered into a plan for particulate matter reductions from other emission sources, which has been approved by the Department.

Under the Plan Bridgewater contracted with the American Lung Association of the Northeast ("ALANE") for the development and implementation of a wood stove change-out program. The program will replace higher emitting non-EPA certified wood stoves with lower emitting EPA certified wood stoves or other lower emitting devices to reduce particulate matter emissions. A copy of the ALANE contract will be included in Bridgewater's application to the Commission. The reductions in particulate matter attributable to wood stove change-outs under the program will be credited to Bridgewater for particulate matter emission compliance under RSA 362-F: 2,VIII(a). The Department will monitor the Plan's progress through ALANE's obligation to

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submit status reports every six months and through an annual meeting with Bridgewater and ALANE.

The wood stove change-out program will focus on Cheshire County, which is the area of the State of greatest concern for particulate matter emissions. The wood stove change-out program is appropriate for this area of the State because the particulate matter emissions in the County, and particularly in the City of Keene, are primarily attributable to residential wood heating. Thus, the Plan assists the State in achieving two important policy goals: the addition of a renewable energy source to the RPS class III, and the reduction of particulate matter emissions in an area of the State that is significantly problematic for such emissions.

Nitrogen Oxides (NOx) Emissions

New Hampshire Code of Administrative Rules Puc 2502.16 requires that the facility meet a quarterly average NOx emission rate limit of 0.075 lb/MMBtu. Bridgewater has installed a continuous emissions monitoring system (CEMS) to record NOx emissions. Based on a review of second quarter 2014 data, DES anticipates that NOx emissions from the facility will meet the RPS NOx standard of 0.075 lb/MMBtu or less. At the end of each quarter of operation and electricity generation, DES will review Bridgewater's CEMS data, which will indicate if Bridgewater operates in compliance with NOx emission limitations. Please note that daily averages of zero emissions due to non-operation and days with insufficient or invalid data shall not be counted in the calculation of the quarterly average NOx emission rate.

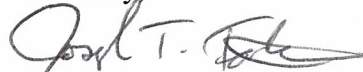
Conclusion and Recommended Conditions of Approval

DES believes that Bridgewater will meet the requirements to be certified as a Class III - Existing Biomass renewable energy source. DES recommends that, with the following conditions, the Commission certify Bridgewater as a Class III renewable energy source eligible to generate renewable energy certificates:

- 1) Bridgewater shall continue to emit NOx at a quarterly average rate less than or equal to 0.075 lb/MMBtu; and
- 2) Bridgewater shall continue to comply with the Plan for reductions in particulate matter emissions.

If you have any questions, please contact me at joseph.fontaine@des.nh.gov or (603) 271-6794.

Sincerely,



Joseph T. Fontaine
Program Manager
Air Resources Division

cc: Michael O'Leary, Bridgewater
Barbara Bernstein, PUC