

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: August 26, 2013
AT (OFFICE): NHPUC

FROM: Barbara Bernstein 
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 Additional Class I, New Hampshire Renewable Energy Certificates (RECs) Pursuant to RSA 362-F
Staff Recommends that Eligibility be Granted for Behind-the-Meter Electricity Minus Station Service

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 
David K. Wiesner, Staff Attorney

Background

On December 20, 2012, Spaulding Pond Hydroelectric (Spaulding Pond Hydro) was approved as a Class I renewable energy source pursuant to RSA 362-F, New Hampshire's Renewable Portfolio Standard law and Laws of 2012, Chapter 0272, effective as of November 6, 2012. On January 4, 2013, the Commission received a second request from Hydro Management requesting certification for electricity used behind-the-meter by tenants of the Spaulding Ave Industrial Complex. Additional information to clarify the request was requested on April 2, 2013 and on July 2, 2013, and the applicant responded to these requests for further information. Staff has determined that the electricity used behind-the-meter (minus station service¹) meets the eligibility requirements under RSA 362-F:4 and RSA 362-F:6, II, and can be included in Spaulding Pond Hydro's Class I RECs. The addition of the behind-the-meter RECs complies with New Hampshire Code of Administrative Rules Puc 2500 and Staff recommends Commission approval effective as of July 29, 2013, the date Staff received all the information necessary to complete review of the second request.

Analysis

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

¹ Station service or parasitic load is defined as the portion of electric production used in the generation of power.

- 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 additional asset is registered with the NEPOOL GIS under NON 35901.
- 4) *The GIS facility code if available.* The NEPOOL GIS facility code for the additional asset has been verified as NON 35901.
- 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. Peak demand for the tenants of the Spaulding Ave Industrial Complex is about 0.15 megawatts. The project began commercial operation on 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; therefore, the facility is in compliance with applicable FERC requirements including those related to fish passage restoration.
- 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. The Spaulding Ave Industrial Complex is metered by PSNH at the street (delivery point) with a bi-directional meter that is connected to the 14,400 volt line. On the customer side of the meter, the lines go to a substation owned by Spaulding Ave Industrial where the high voltage lines then diverge and go to three separate transformer pads where the voltage steps down to 440 volts. Each of the transformers feeds a different part of the complex and they are connected to circuit

breaker panels for distribution throughout the buildings. Currently, Spaulding Ave Industrial has eight tenants and four of those tenants have meters provided by Spaulding Ave Industrial that measure the tenant's electricity usage. Those tenants are billed at the first of each month and pay Spaulding Ave Industrial for the power used, at a rate substantially lower than the PSNH retail rate. The remaining tenants are not separately charged for electricity. Spaulding Ave Industrial uses electricity as well for the space its activities utilize, and the parking lot and common area lighting. The mechanical systems of the generation facility also use a minimal amount of electricity; this portion of the output is disallowed as it is defined as parasitic load, or station service.

Mr. William P. Short III, an independent consultant, has been retained by Spaulding Ave Industrial Complex, LLC in his capacity as an Independent Monitor, to perform meter reading services and to input into the NEPOOL GIS system Spaulding Ave Industrial Complex's behind-the-meter generation. In Exhibit 3 of the response to Staff's inquiry of July 26, 2013, Mr. Short states that he will calculate a monthly parasitic load and subtract that number from the behind-the-meter production that is reported to the NEPOOL GIS under the NON account. He also will show that subtraction in the annual, year-end filing with the Commission.

- 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 qualified as a New Hampshire Class I and Maine Class II RPS resource with respect to its output delivered to the PSNH distribution system.
- 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 with respect to its output delivered into the PSNH distribution system and will be verified by the independent monitor with respect to its behind-the-meter generation output, and the facility is listed in the GIS database under both an MSS and a NON account.
- 13) *A description of how the facility's output is reported to the GIS if not verified by ISO-New England.* The electrical output of the facility will be verified and reported by the independent monitor with respect to its behind-the-meter generation, minus station service.
- 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.* On July 2, 2013, Hydro Management Group, LLC was

notified that NH PUC Commission Staff had reviewed Spaulding Pond Hydro's application for recognition of the behind-the-meter electricity as a Class I NH RPS resource and had additional questions for clarification. Staff's questions are listed below with the requested answers received on July 29, 2013 from Mr. Tom Cusano, the sole member and operating manager of Spaulding Ave Industrial Complex, LLC, owner and operator of the Spaulding Pond Hydroelectric facility.

- 1) *Please confirm that all tenants at the Spaulding Ave Industrial Complex receive electric service on the customer side of the PSNH retail revenue meter. If unable to confirm, please explain.* There is one meter for the entire property that is a bi-directional meter located on a utility pole at the street. All tenants are on the customer side of the meter.
- 2) *Please confirm that none of the tenants receiving electric service behind-the-meter at the Spaulding Ave Industrial Complex is a separately-metered retail customer of PSNH or any electric supplier other than Spaulding Ave Industrial Complex, LLC. If unable to confirm, please explain.* None of the tenants receiving electric service at the Spaulding Ave Industrial Complex is a separately-metered customer of PSNH or any electric supplier other than the Spaulding Ave Industrial Complex.
- 3) *Please confirm that all lines providing electric service to tenants at the Spaulding Ave Industrial Complex are owned by Spaulding Ave Industrial Complex, LLC and not by PSNH or any other persons, firm or entity. If unable to confirm, please explain.* All lines are owned by Spaulding Ave Industrial Complex.
- 4) *Please confirm that none of the lines providing electric service to tenants at the Spaulding Ave Industrial Complex crosses a public street or right-of-way or other public land. If unable to confirm, please explain.* None of the lines providing service to tenants crosses a public street, right-of-way, or other public land.
- 5) *Please describe in detail the metering configuration for the behind-the-meter electric generation and usage at the Spaulding Ave Industrial Complex and provide a drawing or diagram illustrating this metering configuration.* A diagram was provided as Exhibit 2.
- 6) *Please describe in detail how these meters will be monitored and read in order to determine and report the behind-the-meter electric generation and usage at the Spaulding Ave Industrial Complex, net of any generation station service or parasitic load of the hydroelectric plant.* Mr. William P. Short III, a qualified independent monitor in the State of New Hampshire will be responsible for entering the behind-the-meter RECs into the GIS. Mr. Short will be paid a flat fee for his services, independent of how many RECs the Spaulding Pond facility produces.

Recommendation

Staff has reviewed the Spaulding Pond Hydro application for Class I certification of the behind-the-meter production and can affirm it is complete pursuant to New

Hampshire Code of Administrative Rules Puc 2500. Staff recommends that the Commission certify the behind-the-meter electric production from Spaulding Pond Hydro, minus station service, as a Class I renewable energy source effective as of July 29, 2013, with the condition that the monthly parasitic load for the generation facility shall be calculated by the independent monitor and subtracted from the behind-the-meter production reported to the NEPOOL GIS under the NON account and that such calculations also shall be included in the annual, year-end filing with the Commission.