

STATE OF NEW HAMPSHIRE

Inter-Department Communication

NHPUC 27JUN18PM3:02

DATE: June 27, 2018

AT (OFFICE): NHPUC

FROM: Deandra Perruccio, Energy Analyst *DP*

SUBJECT: REC 16-217, Whelen 1, Building #1, Request for Approval of an Alternative Compliance Method for Calculating Thermal REC Generation Due to Meter Malfunction for 2018 Quarter 1, and Related Waiver of Puc 2506 Metering and Calculation Requirements

TO: Martin P. Honigberg, Chairman
Kathryn M. Bailey, Commissioner
Michael S. Gaimo, Commissioner
Debra A. Howland, Executive Director

CC: Karen P. Cramton, Director, Sustainable Energy Division *KPC*
David Wiesner, Staff Attorney

On June 25, 2018, the Commission received a letter from Jim Van Valkenburgh (Mr. Van Valkenburgh) of Froling Energy on behalf of Whelen Engineering's Building #1 (referred to as "Whelen 1" NON60530 in the New England Power Pool Generation Information System (NEPOOL GIS)). The Whelen 1 thermal biomass facility is located at 99 Ceda Road in Charlestown, New Hampshire. Mr. Van Valkenburgh requested that the Commission approve an alternative compliance method to allow the Whelen 1 facility to obtain renewable energy certificates (RECs) for useful thermal energy produced, but not metered, at the facility for Quarter 1 (Q1) of 2018.

The Whelen 1 facility's Clarksonic BTU meter failed for unknown reasons in late December 2017. A new Onicon System thermal energy (BTU) meter was ordered and will be installed by October 2018. As a result, there was no metering of BTUs generated during the final days of Q4 2017, Q1 2018, or Q2 2018. The facility is requesting an alternative compliance method for calculating Class I Thermal REC (T-REC) production only for Q1 2018. Mr. Van Valkenburgh stated that the facility will not be requesting to recover T-REC production for Q4 2017 or for Q2 2018. Commission Staff (Staff) interprets Mr. Van Valkenburgh's request for approval of an alternative compliance method for determining T-REC production for that period as effectively a request for a waiver of the otherwise applicable metering and calculation requirements set forth in Puc 2506.

Mr. Van Valkenburgh reviewed Processed Dried Chip (PDC) deliveries and T-RECs produced per ton for similar time periods for Whelen 1 in 2016 and 2017, as well as deliveries and T-RECs produced per ton for the Whelen 2 facility (which is virtually identical to the Whelen 1 facility). Mr. Van Valkenburgh determined that the Whelen 1

facility was averaging 3.22 T-RECs per ton of PDCs for Q1 2018. He requested that the Commission consider and approve use of a conservative factor of 2.50 T-RECs per ton of PDCs delivered for Q1 2018, for a total of 313 T-RECs produced during that time period.

Staff's review has determined that Mr. Van Valkenburgh's request, on behalf of Whelen 1, to use the proposed alternative compliance method of calculating T-REC production for a limited time period, is reasonable under the circumstances, and a rules waiver is the appropriate means of facilitating use of that alternative compliance method. While the metering system is being replaced, the actual total production for the relevant period can be approximated and verified through fuel delivery records and the use of a reasonable past performance factor.

In conclusion, Staff recommends that the Commission approve Whelen 1's request to use the proposed alternative compliance method by granting a limited waiver of the otherwise applicable metering and calculation requirements of Puc 2506 to permit the alternative calculation of T-RECs for Q1 2018. Staff believes that a rule waiver may be granted in this instance under Puc 201.05, because the limited waiver proposed would not disrupt the orderly and efficient resolution of matters before the Commission and would serve the public interest, inasmuch as compliance with the rules would be onerous given the circumstances of the affected person and the purpose of the rules would be satisfied by the alternative method proposed.

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Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with: DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.