

STATE OF NEW HAMPSHIRE**Inter-Department Communication**

DATE: April 3, 2018
AT (OFFICE): NHPUC

FROM: Barbara Bernstein, Energy Analyst

SUBJECT: REC 16-546, The Holderness School Request for Approval of an Alternative Compliance Method for Calculating Thermal REC Generation Due to Meter Malfunction for 2017 Quarter 4 and 2018 Quarter 1 and Related Waiver of Puc 2506 Metering and Calculation Requirements

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

CC: Karen Cramton, Director, Sustainable Energy Division
David Shulock, Director, Legal Division
David Wiesner, Staff Attorney

On February 27, 2018, the Commission received a letter from Adam Kohler, PE (Mr. Kohler), the independent monitor for The Holderness School (Holderness School) thermal biomass facility. Mr. Kohler requested that the Commission approve an alternative compliance method to allow the Holderness School facility to obtain renewable energy certificates (RECs) for thermal energy produced, but not accurately metered, at the facility for Quarter 4 (Q4) of 2017 and Quarter 1 (Q1) of 2018. During those time periods, the Holderness School meter was malfunctioning and under-reporting thermal generation. Commission Staff (Staff) interprets Mr. Kohler's request for approval of an alternative compliance method for determining Class I Thermal REC (T-REC) production for those periods as effectively a request for a waiver of the otherwise applicable metering and calculation requirements set forth in Puc 2506.

When reviewing energy production trend logs for Holderness School, Mr. Kohler determined that the Onicon BTU meter was under-recording the system's energy production. The meter was returned to the manufacturer and it was determined that there was an issue with the meter's O-rings. The meter has been repaired and is now believed to be working as designed.¹

Mr. Kohler, a licensed professional engineer, is requesting approval to use an alternative compliance method to recognize a portion of the thermal energy generation

¹Onicon determined that one of the o-rings was swelling in such a way that one of the two meter turbines was sticking.

under-reported due to the meter’s malfunction, and that approval effectively requires granting a waiver of the thermal energy metering and calculation rules under Puc 2506. For the time periods when the flow meter was under-reporting energy production at 250 gallons per minute (gpm), Mr. Kohler proposes that 450 gpm be substituted. Because the typical flowrate for the system is 500 gpm that assumed gpm value effectively would represent a reduction of 10%. To demonstrate that this approximation is fair and reasonable, Mr. Kohler provided the following analysis of fuel deliveries and T-RECs generated for Q4 2016, when the meter was working properly, and for Q4 2017, when the meter was not accurately recording useful thermal energy output:

Table 1: 2016 Metered T-RECs Generated and Fuel Log with Calculated T-RECs/Ton			
Month	T-RECs Generated	Fuel Delivered (tons)	T-RECs/Ton
October	281	185.16	1.52
November	298	158.26	1.88
December	697	269.79	2.58
	1,276	613.21	2.08
Table 2: 2017 Metered T-RECs Generated and Fuel Log with Calculated T-RECs/Ton			
Month	T-RECs Generated	Fuel Delivered (tons)	T-RECs/Ton
October	127	141.23	0.90
November	497	254.36	1.95
December	442	435.72	1.01
	1,066	831.31	1.28
Table 3: 2017 T-RECs Alternative Compliance and Fuel Log			
Month	Estimated T-RECs Generated	Fuel Delivered (tons)	T-RECs/Ton
October	230	141.23	1.63
November	517	254.36	2.03
December	692	435.72	1.59
	1,439	831.31	1.73

Staff’s review has determined that Mr. Kohler’s request, on behalf of the Holderness School, to use the proposed alternative compliance method of calculating T-REC production on a one-time basis for limited time periods is reasonable under the circumstances, and a rules waiver is the appropriate means of facilitating use of that alternative compliance method. While the installed meter was not accurately measuring the system’s useful thermal energy production, the actual total production for the relevant periods can be approximated and verified through fuel delivery records and the use of a reasonable gpm assumption. According to Mr. Kohler, the Holderness School biomass system serves most of the heating load for the campus, and the loss of anticipated T-RECs would result in a significant loss of income for the school.

In conclusion, Staff recommends that the Commission approve Holderness School's request to use the proposed alternative compliance method by granting a one-time waiver of the otherwise applicable metering and calculation requirements of Puc 2506 to permit the alternative calculation of T-RECs for Q4 2017 and Q1 2018. Staff believes that a rule waiver may be granted in this instance under Puc 201.05 because the one-time limited waiver requested would not disrupt the orderly and efficient resolution of matters before the Commission and would serve the public interest, where 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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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:

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c) Serve a written copy on each person on the service list not able to receive electronic mail.